

# SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1965

No. 238

UNITED STATES, APPELLANT,

vs.

SEALY, INC.

— APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE  
NORTHERN DISTRICT OF ILLINOIS

Volume II—Exhibits

## INDEX

Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Con-  
tinued

### GOVERNMENT'S EXHIBITS

	Original	Print
No. 1—Minutes of Sealy Convention, Chicago, Ill., Congress Hotel, January 10, 11 and 12, 1925 (excerpts) .....	1E	161
No. 2—Minutes of Organization Meeting of the Sealy Corporation, February 13, 1925 .....	11E	166
No. 2A—Certificate of Incorporation, No. 21001 .....	13E	167
—By-Laws. February 16, 1925 .....	18E	174
—Option Contract .....	27E	186
—Contract on Organization of Sealy Mat- tress Corp. ....	29E	189
—Bill of Sale or Assignment Covering Patents, Trade-Marks, etc. ....	32E	192
—Assignment and Transfer of Bill of Sale and Assets as Collateral .....	34E	194
—Promissory Note to Sugar Land Indus- tries .....	35E	196

Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Con-  
tinued

Government's Exhibits—Continued

	Original	Print
No. 3—Minutes of Executive Committee Meeting of the Sealy Corporation. April 8, 1925 (excerpts)	37E	199
No. 4—Condensed Minutes of the Sealy Corporation Convention. June 25, 26 and 27, 1925 (excerpts)	41E	202
No. 6—Condensed Minutes of the Sealy Corporation, 11th Semi-Annual Convention. Chicago, Illinois, January 12, 13 and 14, 1928 (excerpts)	47E	206
No. 7—Minutes of the 19th Semi-Annual Executive Committee Meeting of the Sealy Corporation, held at the Congress Hotel, Chicago, Illinois, December 29, 30, 31, 1932 (excerpts)	52E	207
No. 8—Minutes of the 20th Semi-Annual Executive Committee Meeting of the Sealy Corporation, held at the Congress Hotel, Chicago, Illinois, July 9, 1933 (excerpts)	66E	213
No. 9—Minutes of the Meeting of the Executive Committee of Sealy Incorporated, held at the Jefferson Hotel, St. Louis, Mo., November 27 and 28, 1933 (excerpts)	77E	217
No. 11—Condensed Minutes of the Sealy Corporation Convention, Chicago, Illinois, January 7 and 8, 1926 (excerpts)	79E	218
No. 12—Semi-Annual Meeting of the Stockholders of the Sealy Corporation, held at the Congress Hotel, Chicago, Illinois, January 13, 14 and 15, 1927 (excerpts)	82E	219
No. 13—Minutes of 10th Semi-Annual Meeting of the Stockholders of the Sealy Corporation, held at Chicago, Illinois, June 23, 24 and 25, 1927 (excerpts)	89E	222
No. 17—Minutes of the Sealy Convention held Hotel Congress, Chicago, Illinois, January 17, 18 and 19, 1931 (excerpts)	93E	224
No. 18—Minutes of the 18th Semi-Annual Sealy Convention, held at Hotel Congress, Chicago, Illinois, January 15 and 16, 1932 (excerpts)	102E	226
No. 22—Minutes of Special Meeting of Executive Committee, Sealy Corporation, held at the Jefferson Hotel, St. Louis, Mo., May 1, 1925 (excerpts)	115E	228
Letter dated May 1, 1925 to J. W. Bowersox from E/C re: Territory	116E	229
No. 24—Minutes of Executive Committee Meeting, held Congress Hotel. June 27, 1925 (excerpts)	118E	231



Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Continued

Government's Exhibits—Continued

	Original	Print
No. 26—Special Meeting of Executive Committee of the Sealy Corporation, held Furniture Mart Building, Chicago, Illinois, November 14, 1925 (excerpts) .....	119E	233
Letter to E/C from E/C, dated November 19, 1925 .....	123E	233
No. 27—Territory Outline License Factories Per Contracts .....	124E	234
No. 29—Minutes of Executive Committee Meeting of the Sealy Corporation, held Congress Hotel, Chicago, Illinois, July 7, 1926 (excerpts) .....	144E	262
No. 31-A—Certificate of Incorporation, August 22, 1933 (Office of Secretary of State of Delaware) .....	146E	263
No. 31-B—By-Laws of Sealy, Incorporated (excerpts) .....	147E	264
No. 31-D—Amended By-Laws of Sealy Incorporated, adopted in St. Louis, Mo., June 12, 1936 (excerpts) .....	164E	267
No. 31-E—Minutes of the 21st Semi-Annual Meeting of Sealy, Incorporated held at Lakeshore Drive Hotel, Chicago, Illinois, July 12 and 13, 1935 (excerpts) .....	183E	271
No. 31-F—Minutes of Sealy Board of Directors Meeting, held Hotel Jefferson, St. Louis, Mo., June 12 and 13, 1936 (excerpts) .....	189E	275
No. 33—Minutes of Sealy Meeting, held in Akron, Ohio, August 7 thru 9, 1936. (Stockholders) (excerpts) .....	204E	279
No. 34—Minutes of the Executive Committee, held at Palmer House, Chicago, Illinois, October 28, 1936 (excerpts) .....	229E	286
No. 35—Minutes of Sealy Executive Committee Meeting, held in Pittsburg, Penn., August 19, 20 and 21, 1937 (excerpts) .....	236E	288
No. 36—Minutes of the Board of Directors Meeting, held Jefferson Hotel, St. Louis, Mo., November 12, 1937 (excerpts) .....	254E	296
No. 37—Minutes of the Official Rulings of the Executive Committee. Year 1937 (excerpts) ..	262E	297
No. 38—Minutes of the Sealy Annual Meeting of the Board of Directors, held Palmer House, Chicago, Illinois, December 6, 1937 (excerpts) ..	267E	299
No. 39—Minutes of the Sealy Annual Meeting of the Board of Directors, held Palmer House, Chicago, Illinois, December 7, 1937 (excerpts) ..	276E	300

Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Con-  
tinued

Government's Exhibits—Continued

	Original	Print
No. 40—Minutes of Executive Committee Meeting, held at Pittsburgh, Pa., April 26, 1938 (excerpts) .....	283E	301
No. 42—Minutes of the Sealy Executive Meeting, held at Pittsburgh, Pa., January 29 and 30, 1939 (excerpts) .....	301E	304
No. 43—Minutes of the Sealy Executive Committee Meeting, held William Penn Hotel, Pittsburgh, Pa., May 17, 1939 (excerpts) .....	302E	305
No. 45—Minutes of the Meeting of the Executive Committee of Sealy, Incorporated, held Congress Hotel, Chicago, Illinois, November 4 and 5, 1939 (excerpts) .....	304E	306
No. 46—Minutes of the President's Report. December 11, 1939 (excerpts) .....	306E	307
No. 47—Minutes of the Board of Directors Meeting of Sealy, Incorporated, held Congress Hotel, Chicago, Illinois, December 13, 1939 (excerpts) .....	311E	312
No. 48—Minutes of the Executive Committee of Sealy, Incorporated, held Congress Hotel, Chicago, Illinois, April 26 and 27, 1940 (excerpts) .....	312E	313
No. 49—Minutes of the Executive Committee of Sealy, Incorporated, held Congress Hotel, Chicago, Illinois, June 27, 1940 (excerpts) .....	325E	315
No. 50—Minutes of the Semi-Annual Meeting of the Stockholders of Sealy, Incorporated, held Congress Hotel, Chicago, Illinois, June 28, 1940 (excerpts) .....	327E	317
No. 52—Minutes of the Executive Committee of Sealy, Incorporated, held Palmer House, Chicago, Illinois, February 26, 1943 (excerpts) .....	328E	318
No. 53—Minutes of the Meeting of the Board of Directors of Sealy, Incorporated, held March 30, 1945 (excerpts) .....	330E	320
No. 55—Minutes of the Meeting of the Stockholders of the Sealy, Incorporated, held Stevens Hotel, Chicago, Illinois, November 16, 1946 .....	332E	321
No. 57—Minutes of the Executive Committee Meeting of Sealy, Incorporated, held May 22, 1947 at Memphis, Tennessee (excerpts) .....	333E	323
No. 58—Minutes of the Board of Directors Meeting of Sealy, Incorporated, held Palmer House, Chicago, Illinois, July 3, 1947 (excerpts) .....	339E	324
No. 59—Minutes of the Board of Directors of Sealy, Incorporated, held at the American Furniture Mart, Chicago, Illinois, July 6, 1947 (excerpts) .....	343E	327

Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Con-  
tinued

Government's Exhibits—Continued

	Original	Print
No. 60—Minutes of the Board of Directors Meeting of Sealy, Incorporated, held Stevens Hotel, Chicago, Illinois, November 20, 1947 (excerpts)	344E	328
No. 61—Minutes of the Board of Directors Meeting of Sealy, Incorporated, January 5, 1948 (excerpts)	349E	329
No. 62—Minutes of the Executive Committee Meeting of Sealy, Incorporated, held at Sealy Headquarters, Chicago, Illinois, February 20 and 21, 1948 (excerpts)	356E	331
No. 63—Minutes of the Executive Committee Meetings held at the American Furniture Mart, September 17 and 18, 1948 (excerpts)	360E	332
No. 64—Minutes of the Reconvened Executive Committee Meeting of Sealy, Incorporated, held at the American Furniture Mart, Chicago, Illinois, September 30, 1949 (excerpts)	367E	333
No. 65—Minutes of the Board of Directors Meeting of Sealy, Incorporated, held at the American Furniture Mart, Chicago, Illinois, February 23, 1950 (excerpts)	371E	334
No. 66—Minutes of the Board of Directors Meeting of Sealy, Incorporated, held at the American Furniture Mart, Chicago, Illinois, June 20, 1950 (excerpts)	377E	336
No. 67—Minutes of the Board of Directors Meeting of Sealy, Incorporated, held at the Park Lane Hotel, Denver, Colorado, September 14 and 15, 1950 (excerpts)	379E	338
No. 68—Minutes of the Board of Directors Meeting, held at the American Furniture Mart, Chicago, Illinois, January 8, 1951 (excerpts)	384E	339
No. 69—Minutes of Board of Directors of Sealy Incorporated, held at the Hotel Muehlebach, Kansas City, Mo., March 15, 1951 (excerpts)	390E	343
No. 71—Minutes of Sealy, Incorporated Reconvened Board of Directors Meeting, held Pittsburgh, Pa., September 15, 1953 (excerpts)	393E	345
No. 72—Minutes of Sealy, Incorporated Board of Directors Meeting, held at San Souci Hotel, Miami Beach, Florida, April 5, 1954 (excerpts)	395E	346
No. 74—Minutes of the Board of Directors Meeting, held in Chicago, Illinois, September 21, 1954 (excerpts)	399E	347
No. 75—Minutes of the Board of Directors Meeting, held November 11, 1954, Conrad Hilton Hotel, Chicago, Illinois (excerpts)	405E	348

Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Continued

Government's Exhibits—Continued

	Original	Print
No. 76—Minutes of the Board of Directors Meeting, held at Sealy, Incorporated Office, Chicago, Illinois, January 6, 1955 (excerpts) . . . . .	409E	350
No. 77—Minutes of the Board of Directors Meeting, held in Memphis, Tennessee, April 20, 21 and 22, 1955 (excerpts) . . . . .	412E	351
No. 78—Review of Minutes by the President of the Board of Directors Meeting, April 20, 1955 (excerpts) . . . . .	419E	358
No. 79—Report of Committee Appointed to Investigate and Make Recommendations in Connection with Conflict Arising from the Sale of Private Brand Merchandise . . . . .	423	359
No. 80—Minutes, Board of Directors Meeting of Sealy, Incorporated, held Conrad Hilton Hotel, Chicago, Illinois, November 10, 1955 (excerpts) . . . . .	425E	361
No. 82—Minutes, Board of Directors Meeting of Sealy, Incorporated, held at the Principal Office of the Corporation, Chicago, Illinois, November 14, 1956 (excerpts) . . . . .	429E	363
No. 83—Territory—J. Osiason & Sons Co., Fall River, Massachusetts, dated May 26, 1941 . . . . .	433E	365
No. 93—Letter dated September 10, 1942 from J. R. Haas of Memphis, Tennessee to Mr. Craig of Sealy, Inc., Chicago, Illinois . . . . .	434E	366
No. 103—Memphis—Definition of territories . . . . .	435E	367
No. 106—Territory—Pittsburgh, Pa. (Fort Pitt Bedding Co.) Definition of territories . . . . .	440E	372
No. 110—Letter from John M. Brody, Jr. to J. R. Haas, President, Sealy, Inc., dated October 7, 1942 . . . . .	443E	374
No. 113—Letter from F. Irwin to W. J. Craig, Chicago, Illinois, dated August 24, 1943 . . . . .	447E	379
No. 123—Memphis Territory. Dated August 20, 1943 . . . . .	448E	380
No. 133—Territory—Kansas City, Missouri. Dated August 20, 1943 . . . . .	450E	383
No. 143—Letter from F. Irwin to W. J. Craig, dated October 4, 1943 . . . . .	451E	384
No. 147—Letter from W. J. Craig to F. Irwin, dated October 11, 1943 . . . . .	452E	385
No. 148—Letter from Sealy, Inc. to John M. Brody, Jr., dated May 8, 1944 . . . . .	453E	386
No. 149—Letter from J. Haas to John Brody, Jr., dated May 16, 1944 . . . . .	454E	387
No. 150—Letter to J. R. Haas. Subject—Buffalo, N.Y. Sealy Territory. Dated May 17, 1944 . . . . .	455E	388

Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Continued

Government's Exhibits—Continued

	Original	Print
No. 152—Letter from F. Irwin to John M. Brody, Jr., dated February 26, 1945.....	456E	390
No. 153—Letter from J. R. Haas to John M. Brody, Jr., dated March 1, 1945.....	457E	392
No. 155—Letter from John M. Brody, Jr. to R. G. Culp, Pittsburgh, Pa., dated July 13, 1945....	459E	394
No. 156—Letter from J. L. Metcalfe to John Brody, dated July 17, 1945.....	461E	397
No. 157—Letter from J. L. Metcalfe to John Brody, dated August 6, 1945.....	463E	399
No. 158—Letter from John M. Brody, Jr. to J. L. Metcalfe, dated August 13, 1945.....	464E	400
No. 159—Letter from John M. Brody, Jr. to J. L. Metcalfe, dated December 5, 1945.....	465E	402
No. 160—Letter from J. R. Lawrence to Sidney Sutherland, dated January 30, 1948.....	467E	405
No. 161—Letter from J. R. Lawrence to Laurence Zimmerman, dated January 30, 1948.....	468E	406
No. 162—Letter from J. R. Lawrence to Morris A. Kaplan, dated January 30, 1948.....	469E	407
No. 163—Letter from J. R. Lawrence to Sidney Sutherland, dated March 4, 1948.....	470E	408
No. 164—Letter from Joe Willens to Morris Stein, dated April 26, 1948.....	472E	410
No. 165—Letter from Morris Stein to Joe Willens, dated May 1, 1948.....	474E	412
No. 166—Letter from Seniel Ostrow to Morris Stein, dated May 4, 1948.....	476E	414
No. 167—Letter from Joe Willens to E. H. Bergmann, dated May 4, 1948.....	477E	415
No. 167A—Letter from E. H. Bergmann to Morris Stein and Joe Willens, dated May 11, 1948	478E	417
No. 167B—Letter from Sealy Mattress Company (Norris) to E. H. Bergmann, dated May 17, 1948.....	480E	419
No. 168—Letter from E. H. Bergmann to J. R. Lawrence, dated May 18, 1948.....	481E	420
No. 169—Letter from J. R. Lawrence to E. H. Bergmann, dated May 24, 1948.....	482E	421
No. 169-A—Letter from E. H. Bergmann to Joseph J. Willens, dated July 22, 1948.....	483E	423
No. 170—Letter from E. H. Bergmann to Joseph J. Willens and Morris Stein, dated September 20, 1948.....	484E	424
No. 171—Letter from E. H. Bergmann to Joseph J. Willens and Morris Stein, dated February 4, 1949.....	485E	425



Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Con-  
tinued

Government's Exhibits—Continued

	Original	Print
No. 172—Letter from J. R. Lawrence to J. J. Wil- lens, dated April 7, 1949	486E	426
No. 173—Letter from Morris Stein to E. H. Berg- mann, dated February 9, 1949	487E	427
No. 173-A—Letter from Joe Willens to E. H. Bergmann, dated March 23, 1949	488E	428
No. 174—Letter from E. H. Bergmann to J. Wil- lens, dated March 29, 1949	489E	429
No. 175—Letter from J. R. Lawrence to J. J. Wil- lens, dated May 9, 1949	490E	430
No. 176—Letter from J. R. Lawrence to Herbert J. Haas, dated February 16, 1950	491E	431
No. 177—Letter from Seniel Ostrow to J. R. Lawrence, dated April 10, 1950	493E	433
No. 178—Letter from J. R. Lawrence to Herbert J. Haas, dated May 8, 1950	494E	434
No. 179—Letter from J. J. Willens to Earl Berg- mann, dated August 18, 1953	495E	435
No. 180—Letter from E. H. Bergmann to Morris Stein, dated November 24, 1953	496E	436
No. 181—Letter from Morris Stein to E. H. Berg- mann, dated November 30, 1953	498E	438
No. 182—Letter from E. H. Bergmann to Morris Stein, dated December 8, 1953	499E	439
No. 183—Letter from E. H. Bergmann to J. J. Willens, dated February 5, 1954	500E	440
No. 184—Letter from J. R. Lawrence to J. L. Metcalf, dated August 20, 1948	501E	441
No. 185—Letter from J. R. Lawrence to Morris A. Kaplan, dated August 25, 1948	503E	443
No. 186—Letter from J. R. Lawrence to Ross S. Rosenberg, dated September 21, 1948	504E	444
No. 188—Letter from J. R. Lawrence to I. A. Wiener, dated November 24, 1948	507E	447
No. 189—Letter from Sidney Sutherland to Earl Bergmann, dated April 14, 1949 (excerpt)	508E	448
No. 190—Letter from E. H. Bergmann to Sidney Sutherland, dated April 25, 1949	510E	450
No. 191—Letter from Sidney Sutherland to E. H. Bergmann, dated April 28, 1949	511E	451
No. 192—Letter from J. L. Metcalf to J. R. Law- rence, dated June 22, 1949 (excerpts)	512E	452
No. 193—Letter from J. R. Lawrence to J. L. Metcalf, dated June 28, 1949 (excerpts)	514E	453
No. 194—Letter from J. L. Metcalf to J. R. Law- rence, dated August 13, 1949	515E	454



Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Con-  
tinued

Government's Exhibits—Continued

	Original	Print
No. 195—Letter from J. R. Lawrence to J. L. Metcalfe, dated August 24, 1949	517E	457
No. 196—Letter from J. L. Metcalfe to J. R. Lawrence, dated August 26, 1949	518E	458
No. 197—Letter from J. L. Metcalfe to J. R. Lawrence, dated September 15, 1949	520E	461
No. 198—Letter from J. R. Lawrence to Jack Metcalfe, dated September 19, 1949	522E	463
No. 199—Letter from J. L. Metcalfe to J. R. Lawrence, dated May 22, 1950	523E	465
No. 200—Letter from J. L. Metcalfe to J. R. Lawrence, dated May 22, 1950	524E	466
No. 201—Letter from J. R. Lawrence to J. L. Metcalfe, dated May 25, 1950	525E	467
No. 202—Letter from M. H. Yulman to J. R. Lawrence, dated July 22, 1949	526E	468
No. 203—Letter from J. R. Lawrence to M. H. Yulman, dated July 26, 1949	528E	470
No. 204—Letter from M. H. Yulman to J. R. Lawrence, dated July 29, 1949	530E	472
No. 205—Letter from Morris A. Kaplan to J. R. Lawrence, dated August 3, 1949	531E	473
No. 206—Letter from J. R. Lawrence to Morris A. Kaplan, dated September 26, 1949	532E	474
No. 208—Letter from J. R. Lawrence to Mr. Armstrong and Mr. Carpenter of the American Bedding Co., Inc., dated August 19, 1949	533E	475
No. 209—Letter from J. R. Lawrence to C. E. Jones of American Bedding Co., Charlotte, N.C., dated September 9, 1949 (excerpts)	535E	477
No. 210—Letter from Graham Armstrong to Sealy Co., Charlotte, N.C., dated December 20, 1949	537E	478
No. 211—Letter from J. R. Lawrence to Graham Armstrong, dated January 13, 1950	539E	480
No. 214—Letter from J. R. Lawrence to Sidney Sutherland, dated August 24, 1949	540E	481
No. 216—Letter from E. H. Bergmann to Sidney Sutherland, dated September 7, 1949	541E	482
No. 217—Letter from J. R. Lawrence to Sidney Sutherland, dated September 9, 1949	542E	483
No. 218—Letter from Sidney (Sutherland) to Roger Lawrence, dated September 13, 1949	543E	484
No. 219—Letter from Sidney Sutherland to Earl Bergmann, dated August 31, 1949	545E	486

Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Con-  
tinued

Government's Exhibits—Continued

	Original	Print
No. 220—Letter from J. R. Lawrence to J. L. Metcalfe, dated September 9, 1949 (excerpts)	548E	489
No. 221—Letter from J. R. Lawrence to J. L. Metcalfe, dated September 23, 1949	550E	490
No. 222—Letter from J. R. Lawrence to J. L. Metcalfe, dated September 27, 1949	551E	491
No. 223—Letter from J. R. Lawrence to J. L. Metcalfe, dated October 10, 1949	552E	492
No. 224—Letter from J. L. Metcalfe, Manager to J. R. Lawrence, dated May 11, 1950	553E	493
No. 225—Letter from J. R. Lawrence to J. L. Metcalfe, dated May 15, 1950	555E	495
No. 226—Letter from J. R. Lawrence to Lawrence Zimmerman, dated September 20, 1949	557E	497
No. 227—Letter from J. R. Lawrence to Sidney Sutherland, dated September 20, 1949	558E	498
No. 228—Letter from Lawrence J. Zimmerman to J. R. Lawrence, dated November 18, 1949	559E	499
No. 229—Letter from J. R. Lawrence to Lawrence Zimmerman, dated November 22, 1949	561E	501
No. 230—Letter from Louis G. Haas to J. R. Lawrence, dated November 22, 1949	563E	503
No. 231—Letter from J. R. Lawrence to Louis G. Haas, dated November 29, 1949	565E	505
No. 232—Letter from Maurice Unger to J. R. Lawrence, dated February 1, 1950	566E	506
No. 233—Letter from Maurice Unger, President to Louis Haas, dated February 3, 1950	568E	508
No. 234—Letter from J. R. Lawrence to Maurice Unger, dated February 15, 1950	569E	509
No. 235—Letter from William H. Walzer to Earl Bergmann, dated January 4, 1950	571E	511
No. 236—Letter from Peter D. Brown to J. R. Lawrence, dated March 27, 1950	574E	514
No. 237—Letter from J. R. Lawrence to Peter D. Brown, dated March 31, 1950	575E	515
No. 238—Letter from J. R. Lawrence to Seniel Ostrow, dated May 12, 1950	576E	516
No. 243—Letter from E. H. Bergmann to J. R. Lawrence, dated June 27, 1950	577E	517
No. 243-A—Letter from William H. Walzer to Earl Bergmann, dated June 12, 1950	578E	518
No. 244—Letter to William Walzer from J. R. Lawrence, dated June 29, 1950	579E	519
No. 246—Letter from Ben Rosenfeld to Earl H. Bergmann, dated August 1, 1950	580E	520

Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Continued

Government's Exhibits—Continued

	Original	Print
No. 247—Letter from E. H. Bergmann to Ben Rosenfeld, dated August 21, 1950.....	581E	521
No. 248—Letter from J. R. Lawrence to Ben Rosenfeld, dated November 16, 1950.....	583E	522
No. 248-A—Letter from H. N. Ryden, Vice-President to Sealy, Inc., dated July 26, 1950.....	584E	523
No. 250—Letter from J. R. Lawrence to Taff Furniture Store, Rushville, Indiana, dated November 8, 1950.....	586E	525
No. 251—Letter from C. B. McGillivray to Taff Furniture Store, Rushville, Indiana, dated October 30, 1950.....	588E	526
No. 252—Letter from J. R. Lawrence to McDaniel Furniture Co., Bloomington, Indiana, dated November 8, 1950.....	589E	527
No. 253—Letter from C. B. McGillivray to McDaniel Furniture Co., dated October 30, 1950.....	591E	528
No. 254—Letter from J. R. Lawrence to Guttman Furniture Co., Connersville, Indiana, dated November 8, 1950.....	592E	529
No. 255—Letter from C. B. McGillivray to Guttman Furniture Co., Connersville, Indiana, dated October 30, 1950.....	594E	530
No. 256—Letter from J. R. Lawrence to Droege Furniture Co., Seymour, Indiana, dated November 8, 1950.....	595E	531
No. 257—Letter from C. B. McGillivray to Droege Furniture Co., Seymour, Indiana, dated October 30, 1950.....	597E	532
No. 258—Letter from J. R. Lawrence to Diekhoff & Vance, North Vernon, Indiana, dated November 8, 1950.....	598E	533
No. 259—Letter from C. B. McGillivray to Diekhoff & Vance, North Vernon, Indiana, dated October 30, 1950.....	600E	534
No. 260—Letter from J. R. Lawrence to Cure & Son, Martinsville, Indiana, dated November 8, 1950.....	601E	535
No. 261—Letter from C. B. McGillivray to Cure & Son, Martinsville, Indiana, dated October 30, 1950.....	603E	536
No. 262—Letter from J. R. Lawrence to Giltz Furniture Store, Brazil, Indiana, dated November 8, 1950.....	604E	537
No. 263—Letter from C. B. McGillivray to Giltz Furniture Store, dated October 30, 1950.....	606E	538

Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Continued

Government's Exhibits—Continued

	Original	Print
No. 264—Letter from J. R. Lawrence to Buchanan-Jones, Columbus, Indiana, dated November 8, 1950.....	607E	539
No. 265—Letter from C. B. McGillivray to Buchanan-Jones, Columbus, Indiana, dated October 30, 1950.....	609E	540
No. 266—Letter dated January 16, 1951 from Sidney Sutherland of Sealy Mattress Company to J. R. Lawrence of Sealy, Incorporated.....	610E	541
No. 267—Letter dated February 7, 1951 from J. R. Lawrence to Sealy Mattress Company, Richmond, Va.....	611E	542
No. 268—Letter dated April 22, 1952 from Sidney Sutherland of Sealy Mattress Company to Mr. Joseph Rudick of Sealy Mattress Company, Baltimore, Md.....	612E	543
No. 269—Letter dated April 23, 1952 from Sidney Sutherland of Sealy Mattress Company to Mr. Joseph Rudick of Sealy Mattress Company, Baltimore, Md.....	614E	545
No. 270—Letter dated May 5, 1952 from Joseph Rudick of Sealy Mattress Co. to Mr. Roger Lawrence of Sealy, Inc.....	615E	546
No. 271—Letter dated May 7, 1952 from J. R. Lawrence of Sealy, Incorporated to Sealy Mattress Company, Baltimore, Md.....	616E	547
No. 272—Letter dated May 12, 1952 from E. H. Bergmann of Sealy, Incorporated to Sealy Mattress Company, Baltimore, Md.....	618E	549
No. 273—Letter dated May 28, 1952 from E. H. Bergmann of Sealy, Incorporated to Sealy Mattress Company, Baltimore, Md.....	619E	550
No. 274—Letter dated June 19, 1952 from E. H. Bergmann of Sealy, Incorporated to Sealy Mattress Company, Baltimore, Md.....	620E	551
No. 275—Letter dated February 20, 1951 from Linda Ballard of Sealy Company of the S.E. to Sealy, Incorporated.....	621E	552
No. 276—Letter dated February 23, 1951 from J. R. Lawrence of Sealy, Incorporated to Sealy Mattress Company, Memphis, Tennessee.....	622E	553
No. 277—Letter dated March 1, 1951 from Linda Ballard of Sealy Company of the S.E. to Sealy, Incorporated, Chicago, Ill.....	623E	554

Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Con-  
tinued

Government's Exhibits—Continued

	Original	Print
No. 278—Letter dated February 22, 1951 from Louis G. Haas of Sealy Company of the S.E. to Sealy, Inc., Chicago, Ill.	624E	555
No. 279—Letter dated March 27, 1951 from E. H. Bergmann of Sealy, Incorporated to Sealy Mat- tress Company, Reading, Pa.	625E	556
No. 280—Letter dated April 13, 1951 from E. H. Bergmann of Sealy, Incorporated to Sealy Mat- tress Company, Reading, Pa. (excerpts)	627E	557
No. 281—Letter dated May 23, 1951 from E. H. Bergmann of Sealy, Incorporated to Sealy Mat- tress Company, Reading, Pa.	629E	558
No. 282—Letter dated June 6, 1951 from E. H. Bergmann of Sealy, Incorporated to Mr. J. R. Lawrence, Chicago, Ill.	630E	559

Volume III—Exhibits

No. 285—Letter dated May 7, 1951 from E. H. Bergmann of Sealy, Incorporated to Fisher Products Company, Chester, Pa.	631E	561
No. 289—Letter dated July 10, 1951 from Irving L. Fisher of Fisher Products Company to Sealy, Inc., Massillon, Ohio	633E	563
No. 290—Letter dated July 18, 1951 from E. H. Bergmann of Sealy, Incorporated to Fisher Products Company, Chester, Pa.	634E	565
No. 291—Letter dated April 10, 1952 from Linda Ballard of Sealy Company of the S.E. to Sealy, Incorporated, Chicago, Ill.	635E	566
No. 295—Letter dated July 15, 1952 from J. R. Lawrence of Sealy, Incorporated to Sealy Mat- tress Company, Richmond, Va.	636E	568
No. 296—Letter dated July 17, 1952 from Sidney Sutherland of Sealy Mattress Company to J. R. Lawrence of Sealy, Incorporated, Chicago, Ill.	638E	569
No. 297—Letter dated August 4, 1952 from J. W. Moffitt, Jr. of Peerless Mattress Company to Sealy, Inc., Chicago, Ill.	640E	572
No. 298—Letter dated August 8, 1952 from E. H. Bergmann to J. R. Lawrence	644E	576
No. 299—Letter dated August 18, 1952 from J. R. Lawrence of Sealy, Incorporated to Peerless Mattress Co., Inc., Lexington, N.C.	645E	577
No. 300—Letter dated November 11, 1952 from J. V. Moffitt, Jr. of Peerless Mattress Company to Sealy, Incorporated, Chicago, Ill.	648E	580



Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Con-  
tinued

Government's Exhibits—Continued

	Original	Print
No. 300-A—Letter from J. R. Lawrence to J. V. Moffitt, Jr., Lexington, N.C. ....	650E	582
No. 301—Letter dated November 25, 1952 from J. V. Moffitt, Jr. of Peerless Mattress Company to Sealy, Incorporated, Chicago, Ill. ....	654E	587
No. 302—Letter dated December 24, 1952 from J. R. Lawrence of Sealy, Incorporated to Sealy Mattress Company, Richmond, Va. ....	655E	589
No. 303—Letter dated December 29, 1952 from Sidney Sutherland of Sealy Mattress Company to Mr. J. R. Lawrence of Sealy, Incorporated, Chicago, Ill. ....	656E	590
No. 304—Letter dated January 23, 1953 from E. H. Bergmann of Sealy, Incorporated to Mr. Joseph Rudick of Sealy Mattress Company, Baltimore, Md. (excerpts) ....	659E	593
No. 305—Letter dated January 26, 1953 from Joseph Rudick of Sealy Mattress Co. to Mr. Earl H. Bergmann of Sealy, Inc., Cleveland, Ohio. .	661E	594
No. 306—Letter dated February 9, 1953 from E. H. Bergmann of Sealy, Incorporated to Mr. J. V. Moffitt, Jr. of Sealy of the Carolinas, Lexington, N.C. ....	663E	596
No. 307—Letter dated February 9, 1953 from E. H. Bergmann of Sealy, Incorporated to Mr. Sidney Sutherland of Sealy Mattress Company, Richmond, Virginia. ....	664E	597
No. 308—Letter dated February 9, 1953 from E. H. Bergmann of Sealy, Incorporated to Mr. Joseph Rudick of Sealy Mattress Company, Baltimore, Md. ....	665E	598
No. 308-A—Letter dated February 9, 1953 from E. H. Bergmann to Joseph Rudick. ....	666E	599
No. 309—Letter dated February 9, 1953 from E. H. Bergmann of Sealy, Incorporated to Mr. T. C. Engelhardt of Sealy Mattress Company, Reading, Pa. ....	667E	600
No. 310—Letter dated February 17, 1953 from E. H. Bergmann of Sealy, Incorporated to Mr. J. V. Moffitt, Jr. of Sealy of the Carolinas, Lexington, N.C. ....	668E	601
No. 311—Letter dated February 20, 1953 from E. H. Bergmann to Mr. J. R. Lawrence. ....	669E	601
No. 312—Letter dated February 12, 1953 from Sidney Sutherland of Sealy Mattress Company to J. R. Lawrence of Sealy, Inc. ....	670E	602



Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Con-  
tinued

Government's Exhibits—Continued

	Original	Print
No. 313—Letter dated February 12, 1953 from Sidney Sutherland of Sealy Mattress Company to Mr. E. H. Bergmann of Sealy, Incorporated	671E	603
No. 314—Letter dated February 16, 1953 from J. R. Lawrence of Sealy, Incorporated to Mr. Sidney Sutherland of Sealy Mattress Company	672E	604
No. 315—Letter dated February 19, 1953 from Sidney Sutherland of Sealy Mattress Company to J. R. Lawrence of Sealy, Incorporated	673E	605
No. 316—Letter dated March 6, 1953 from E. H. Bergmann of Sealy, Incorporated to Mr. T. C. Engelhardt, Sr. of Sealy Mattress Company, Reading, Pa.	674E	606
No. 317—Letter dated August 29, 1952 from E. H. Bergmann of Sealy, Incorporated to Sealy Mattress Company, Detroit, Michigan	676E	608
No. 31—Letter dated August 16, 1954 from E. H. Bergmann of Sealy, Incorporated to Mr. Morris A. Kaplan of Sealy Mattress Co., Chicago, Ill.	677E	609
No. 319—Letter dated September 15, 1954 from C. B. McGillivray of Sealy Mattress Company to Mr. E. H. Bergmann of Sealy, Incorporated, Chicago, Ill.	679E	611
No. 320—Letter dated September 28, 1954 from E. H. Bergmann of Sealy, Incorporated to Mr. C. B. McGillivray of Sealy Mattress Company, Chicago, Ill.	680E	612
No. 321—Letter dated October 6, 1954 from C. B. McGillivray of Sealy Mattress Company to Mr. E. H. Bergmann of Sealy, Incorporated, Cleveland, Ohio	682E	614
No. 322—Letter dated October 7, 1954 from Morris A. Kaplan of Sealy Mattress Company to Mr. E. H. Bergmann of Sealy, Incorporated, Cleveland, Ohio	684E	616
No. 323—Letter dated October 11, 1954 from E. H. Bergmann of Sealy, Incorporated to Mr. C. B. McGillivray of Sealy Mattress Company, Chicago, Illinois	686E	618
No. 324—Letter dated October 29, 1954 from Morris A. Kaplan of Sealy Mattress Company to Mr. E. H. Bergmann of Sealy, Incorporated, Cleveland, Ohio	688E	620
No. 325—Inter Factory Correspondence of Sealy, Incorporated, dated January 12, 1955 from J. R. Lawrence to Mr. Johnson	689E	621

Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Con-  
tinued

Government's Exhibits—Continued

	Original	Print
No. 326—Letter dated January 26, 1955 from J. R. Lawrence of Sealy, Incorporated to Mr. Joseph F. Haas of Haas, Holland & Blackshear, Atlanta, Ga. ....	690E	622
No. 327—Letter dated June 9, 1956 from Peter D. Brown of Sealy Mattress Company to Mr. Earl Bergmann of Sealy, Incorporated, Chicago, Ill. ....	691E	623
No. 328—Letter dated June 12, 1956 from E. H. Bergmann of Sealy, Incorporated to Mr. M. A. Kaplan of Sealy Mattress Company, Chicago, Ill. ....	692E	624
No. 329—Letter dated June 15, 1956 from Morris A. Kaplan of Sealy Mattress Company to Mr. E. H. Bergmann of Sealy, Incorporated, Chicago, Ill. ....	693E	625
No. 330—Letter dated December 4, 1952 from E. H. Bergmann of Sealy, Incorporated to Sealy Mattress Company, Kansas City, Mo. ....	694E	627
No. 331—Letter dated January 14, 1953 from E. H. Bergmann of Sealy, Incorporated to Mr. Edgar Haas, Sr. of Slumber Products Corporation, Memphis, Tenn. ....	695E	628
No. 332—Letter dated January 19, 1953 from Ross S. Rosenberg of Sealy Mattress Company to Sealy Mattress Company (excerpts) ....	697E	630
No. 333—Letter dated January 14, 1953 from Morris A. Kaplan of Sealy Mattress Company to Mr. Ross Rosenberg of Sealy Mattress Company, St. Paul, Minn. ....	699E	631
No. 334—Letter dated January 27, 1953 from J. R. Lawrence of Sealy, Incorporated to Mr. H. L. Forbes of Sealy Mattress Company, Louisville, Ky. ....	702E	633
No. 335—Letter dated January 28, 1953 from Harry L. Forbes to Mr. J. R. Lawrence of Sealy, Inc., Chicago, Ill. ....	703E	634
No. 336—Letter dated June 26, 1953 from J. V. Moffitt, Jr. of Sealy of the Carolinas, Inc. to Sealy Incorporated, Chicago, Ill. ....	704E	635
No. 337—Letter dated June 29, 1953 from J. R. Lawrence of Sealy, Incorporated to Mr. J. V. Moffitt, Jr. of Sealy of the Carolinas, Lexington, N.C. ....	705E	636
No. 338—Letter dated July 9, 1953 from H. B. Fouts of Sealy Mattress Company to Mr. E. H. Bergmann of Sealy, Inc. ....	706E	637

Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Con-  
tinued

Government's Exhibits—Continued

	Original	Print
No. 338-A—Letter dated July 8, 1953 from H. B. Fouts of Sealy Mattress Company to Mr. Jules Shapiro of Central Mattress Company, Omaha, Nebraska .....	707E	638
No. 339—Letter dated July 13, 1953 from Edgar C. Haas of Slumber Products Corporation to Sealy, Incorporated, Chicago, Ill. ....	708E	640
No. 342—Letter dated September 16, 1953 from J. R. Lawrence of Sealy, Incorporated to Mr. Edgar Haas of Sealy Mattress Company, Memphis, Tenn. ....	709E	641
No. 343—Letter dated September 29, 1953 from Robert B. Conover of Slumber Products Corporation to Mr. J. R. Lawrence of Sealy, Incorporated, Chicago, Ill. ....	710E	642
No. 344—Letter dated October 13, 1953 from E. H. Bergmann of Sealy, Incorporated to Mr. Robert B. Conover of Sealy Mattress Company, Memphis, Tenn. ....	711E	643
No. 345—Letter dated July 23, 1953 from E. H. Bergmann to Mr. J. R. Lawrence with an enclosure of memorandum dated July 10, 1953 from J. R. Lawrence to E. H. Bergmann. ....	712E	644
No. 346—Letter dated October 9, 1953 from C. B. McGillivray of Sealy Mattress Company to Mr. Marcus Haas of Sealy Mattress Company, Memphis, Tenn. ....	714E	646
No. 347—Letter dated January 25, 1954 from E. H. Bergmann of Sealy, Incorporated to Mr. Sidney Sutherland of Sealy Mattress Company, Richmond, Va. ....	716E	648
No. 348—Letter dated January 27, 1954 from Sidney Sutherland of Sealy Mattress Company to Mr. E. H. Bergmann of Sealy, Incorporated, Cleveland, Ohio .....	717E	649
No. 349—Letter dated January 27, 1954 from Sidney Sutherland of Sealy Mattress Company to Mr. Joseph Rudick of Sealy Mattress Company, Baltimore, Md. ....	718E	651
No. 350—Letter dated January 27, 1953 from Joseph Rudick of Sealy Mattress Company to Mr. Sidney Sutherland of Sealy Mattress Company, Richmond, Va. ....	719E	652

Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Con-  
tinued

Government's Exhibits—Continued

	Original	Print
No. 355—Letter dated January 28, 1954 from Joseph Rudick of Sealy Mattress Company to Mr. Irving Fisher of Sealy Mattress Company, Chester, Pa. ....	720E	653
No. 356—Letter dated February 22, 1954 from Irving L. Fisher of Sealy Mattress Company of Philadelphia to Mr. Joseph Rudick of Sealy Mattress Company, Baltimore, Md. ....	721E	654
No. 357—Letter dated June 4, 1954 from J. R. Rudick of Sealy Mattress Company to Mr. Earl H. Bergmann, Sealy Incorporated, Chicago, Ill. ....	722E	655
No. 358—Letter dated June 10, 1954 from E. H. Bergmann of Sealy, Incorporated to Mr. J. R. Rudick of Sealy Mattress Co., Baltimore, Md. ....	723E	656
No. 359—Letter dated June 15, 1954 from J. R. Rudick of Sealy Mattress Company to Mr. Irving L. Fisher, Chester, Pa. ....	724E	657
No. 360—Letter dated July 14, 1954 from E. H. Bergmann of Sealy, Incorporated to Mr. Irving L. Fisher of Sealy Mattress Co., Chester, Pa. ...	725E	658
No. 361—Letter dated July 22, 1954 from Irving L. Fisher of Sealy Mattress Company of Philadelphia to Mr. Earl Bergmann of Sealy, Incorporated, Cleveland, Ohio. ....	726E	659
No. 364—Letter dated October 4, 1954 from J. R. Lawrence of Sealy, Incorporated to Mr. Louis Haas of Sealy Mattress Company, Ft. Worth, Texas .....	727E	661
No. 366—Letter dated October 19, 1954 from J. R. Lawrence of Sealy, Incorporated to Mr. R. S. Rogers of Sealy Mattress Company, Brenham, Texas .....	728E	662
No. 367—Letter dated October 21, 1954 from R. S. Rogers of Sealy Mattress Company to Mr. Roger Lawrence of Sealy, Incorporated, Chicago, Illinois. ....	729E	663
No. 372—Letter dated April 18, 1955 from E. H. Bergmann of Sealy, Incorporated to Mr. Ernest M. Wuliger of Sealy Mattress Company, Cleveland, Ohio. ....	730E	664
No. 373—Letter dated April 28, 1955 from E. H. Bergmann of Sealy, Incorporated to Mr. Ernest M. Wuliger of Sealy Mattress Company, Cleveland, Ohio. ....	731E	665

Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Con-  
tinued

Government's Exhibits—Continued

	Original	Print
No. 374—Letter dated September 16, 1955 from Ross S. Rosenberg of Sealy Mattress Company to Mr. Earl H. Bergmann of Sealy, Inc., Chi- cago, Ill. ....	732E	666
No. 375—Letter dated September 19, 1955 from E. H. Bergmann of Sealy, Incorporated to Mr. Ross S. Rosenberg of Sealy Mattress Company, St. Paul, Minn. ....	734E	668
No. 376—Letter dated September 22, 1955 from E. H. Bergmann of Sealy, Incorporated to Mr. H. B. Fouts of Sealy Mattress Company, Des Moines, Iowa ....	736E	670
No. 377—Letter dated September 23, 1955 from H. B. Fouts of Sealy Mattress Company to Mr. E. H. Bergmann of Sealy, Inc., Chicago, Illinois	737E	671
No. 378—Letter dated October 3, 1955 from E. H. Bergmann of Sealy, Incorporated to Mr. H. B. Fouts of Sealy Mattress Company, Des Moines, Iowa ....	739E	673
No. 379—Letter dated October 12, 1955 from E. H. Bergmann of Sealy, Incorporated to Mr. J. L. Metcalfe of Sealy Mattress Company, Bluefield, Va. and Mr. Wm. A. Edie of Sealy Mattress Company, Louisville, Ky. ....	740E	674
No. 380—Letter dated October 14, 1955 from Wil- liam A. Edie of Sealy Mattress Co. to Mr. E. H. Bergmann of Sealy, Inc., Chicago, Ill. ....	741E	675
No. 381—Letter dated October 21, 1955 from Wil- liam A. Edie of Sealy Mattress Co. to Mr. Earl Bergmann of Sealy, Inc., Chicago, Ill. ....	742E	676
No. 382—Letter dated October 11, 1956 from E. H. Bergmann of Sealy, Incorporated to Mr. E. M. Wuliger of Sealy Mattress Company, Cleveland, Ohio ....	743E	677
No. 383—Letter dated May 11, 1956 from E. H. Bergmann of Sealy, Incorporated to Mr. Louis J. Gross of Sealy Mattress Company, Rochester, N.Y. ....	745E	679
No. 384—Letter dated May 23, 1956 from E. Car- ter Logan of Sealy Mattress Co. to Mr. E. H. Bergmann of Sealy, Inc., Chicago, Ill. ....	747E	681
No. 385—Letter dated June 4, 1956 from E. H. Bergmann of Sealy, Incorporated to Mr. E. C. Logan of Sealy Mattress Company, Louisville, Ky. ....	749E	683

Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Con-  
tinued

Government's Exhibits—Continued

	Original	Print
No. 386—Letter dated June 8, 1956 from Edgar C. Haas Sr. of Sealy Southeast to Mr. E. H. Bergmann of Sealy, Inc., Chicago, Illinois . . .	760E	684
No. 387—Letter of June 12, 1956 from E. H. Bergmann of Sealy Incorporated to Mr. Edgar C. Haas Sr., of Sealy Mattress Company . . . . .	761E	685
No. 388—Letter dated June 25, 1956 from E. H. Bergmann of Sealy, Incorporated to Mr. Joseph F. Haas, Atlanta, Ga. . . . .	762E	686
No. 389—Letter dated August 27, 1956 from J. V. Moffitt, Jr. of Sealy of the Carolinas to Mr. E. H. Bergmann of Sealy, Incorporated, Chicago, Ill. . . . .	763E	687
No. 390—Letter dated August 29, 1956 from E. H. Bergmann of Sealy, Incorporated to Mr. J. V. Moffitt, Jr. of Sealy Mattress Company, Lexington, N.C. . . . .	765E	689
No. 391—Letter dated August 29, 1956 from E. H. Bergmann of Sealy, Incorporated to Mr. J. R. Rudick of Sealy Mattress Company, Baltimore, Md. . . . .	766E	690
No. 392—Letter dated November 23, 1956 from J. V. Moffitt, Jr. of Sealy of the Carolinas, Inc. to Mr. E. H. Bergmann of Sealy, Inc., Chicago, Ill. . . . .	767E	691
No. 393—Letter dated November 27, 1956 from E. H. Bergmann of Sealy, Incorporated to Mr. J. V. Moffitt, Jr. of Sealy Mattress Co., Lexington, N.C. . . . .	770E	694
No. 394—Letter dated November 27, 1956 from E. H. Bergmann of Sealy, Incorporated to Mr. Joe Rudick of Sealy Mattress Co., Baltimore, Md. . . . .	772E	695
No. 395—Inter-Factory Correspondence of Sealy Company of the Southeast dated November 12, 1943 from J. R. Haas to Mr. W. J. Craig . . . .	774E	697
No. 396—Inter-Factory Correspondence of Sealy Company of the Southeast dated November 8, 1943 from J. R. Haas to Mr. W. J. Craig . . . .	775E	698
No. 397—Letter dated July 31, 1944 from Herbert H. Neilson of Sealy Mattress Company to Sealy Mattress Company, Pittsburgh, Pa. . . . .	776E	699



Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Con-  
tinued

Government's Exhibits—Continued

	Original	Print
No. 398—Letter dated August 7, 1944 from W. W. Llewellyn, Jr. of Fort Pitt Bedding Company & Sealy Mattress Company to Mr. Herbert Neilson of Sealy Mattress Company, Cincinnati, Ohio .....	777E	700
No. 399—Letter dated August 9, 1944 from Herbert H. Neilson of Sealy Mattress Company to Mr. John Brody, Sealy Mattress Company, Chicago, Illinois .....	778E	702
No. 400—Letter dated August 9, 1944 from Herbert H. Neilson of Sealy Mattress Company to the Sealy Mattress Company, Pittsburgh, Pa. . .	779E	703
No. 401—Letter dated September 23, 1944 from J. M. Brody, Jr. of Sealy, Inc. to Mr. Herbert H. Neilson of Sealy Mattress Co., Cincinnati, Ohio .....	780E	704
No. 402—Communication dated September 23, 1944 from J. M. Brody, Jr. to Mr. J. R. Haas, "Ohio Boundary Line of Sealy at Cincinnati and Pittsburgh" .....	781E	706
No. 403—Letter dated September 23, 1944 from Sealy, Inc. to Mr. W. W. Llewellyn, Jr. of Sealy Mattress Co., Pittsburgh, Pa. ....	782E	707
No. 404—Letter dated September 28, 1944 from W. J. Craig of Sealy, Incorporated to Mr. J. R. Haas .....	783E	709
No. 409—Letter dated September 16, 1949 from J. R. Lawrence of Sealy, Incorporated to Sealy Mattress Company, Cleveland, Ohio .....	784E	710
No. 410—Letter dated May 27, 1950 from Ben Rosenfeld of Sealy Mattress Company to Mr. Earl H. Bergmann of Sealy Mattress Company, Cleveland, Ohio .....	785E	711
No. 411—Letter dated November 16, 1951 from E. H. Bergmann of Sealy, Incorporated to Sealy Mattress Company, Allston, Mass. ....	787E	713
No. 412—Letter dated January 8, 1952 from E. H. Bergmann of Sealy, Incorporated to Sealy Mattress Company, Allston, Mass. ....	788E	714
No. 413—Letter dated July 24, 1952 from J. J. Willens, Sealy Mattress Co. of Southern California to E. H. Bergmann, Sealy, Inc., Cleveland, Ohio .....	789E	715

Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Con-  
tinued

Government's Exhibits—Continued

	Original	Print
No. 413-A—Letter dated July 29, 1952 from E. H. Bergmann, Sealy, Inc. to Sealy Mattress Co., Chicago, Ill. ....	792E	718
No. 413-B—Letter dated August 26, 1952 from E. H. Bergmann, Sealy, Inc. to Sealy Mattress Co., Los Angeles, Calif. ....	793E	719
No. 414—Letter dated December 8, 1952 from E. H. Bergmann, Sealy, Inc. to Sealy Mattress Co., Chicago, Ill. ....	794E	720
No. 415—Letter dated March 31, 1953 from E. H. Bergmann, Sealy, Inc. to M. A. Kaplan, Sealy Mattress Co., Chicago, Ill. ....	795E	721
No. 415-A—Telegram dated May 11, 1953 from E. H. Bergmann, Sealy, Inc. to Harry B. Forbes, Sealy Mattress Co., Louisville, Ky. ....	797E	723
No. 415-B—Telegram dated May 11, 1953 from E. H. Bergmann, Sealy, Inc., to M. A. Kaplan, Sealy Mattress Co., Chicago, Ill. ....	798E	723
No. 416—Memorandum dated May 12, 1953 from R. S. Logan to Mr. Bergmann. ....	799E	724
No. 417—Letter from H. L. Forbes, Logan Co., Louisville, Ky. to E. H. Bergmann, Sealy, Inc. dated May 12, 1953. ....	800E	724
No. 417-A—Letter dated May 13, 1953 from M. A. Kaplan, Sealy Mattress Co., Chicago, Illinois to E. H. Bergmann, Sealy, Inc., Cleveland, Ohio. ....	802E	726
No. 418—Letter dated May 15, 1953 from M. A. Kaplan, Sealy Mattress Co., Chicago, Ill. to E. H. Bergmann, Sealy, Inc., Cleveland, Ohio. ....	804E	728
No. 419—Letter dated May 20, 1953 from Sealy, Inc. to M. A. Kaplan, Sealy Mattress Co., Chicago, Ill. ....	806E	730
No. 420—Letter dated May 19, 1953 from E. H. Bergmann to H. M. Forbes, Sealy Mattress Co., Louisville, Ky. ....	808E	732
No. 421—Letter dated May 20, 1953 from E. H. Bergmann to H. L. Forbes, Sealy Mattress Co., Louisville, Ky. ....	809E	733
No. 422—Memorandum from J. R. Lawrence to E. H. Bergmann dated January 14, 1954. ....	811E	734
No. 423—Letter dated January 26, 1954 from R. B. Swearingen, Logan Co. to M. A. Kaplan, Sealy Mattress Co., Chicago, Illinois. ....	812E	736
No. 424—Letter dated January 26, 1954 from R. B. Swearingen, Logan Co. to J. R. Lawrence, Sealy, Inc., Chicago, Ill. ....	813E	737

Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Con-  
tinued

Government's Exhibits—Continued

	Original	Print
No. 425—Letter dated January 26, 1954 from R. B. Swearingen, Logan Co., to Sealy, Inc., Cleveland, Ohio.....	814E	738
No. 426—Letter dated January 28, 1954 from C. B. McGillivray, Sealy, to R. B. Swearingen, Sealy Mattress, Louisville, Ky.....	815E	739
No. 427—Telegram dated February 5, 1954 from Earl Bergmann, Sealy, Inc., to M. A. Kaplan, Sealy, Chicago, and R. B. Swearingen, Sealy, Louisville, Ky.....	816E	740
No. 428—Telegram dated February 8, 1954 from R. B. Swearingen, Logan Co., to E. H. Bergmann, Sealy, Inc.....	817E	740
No. 429—Letter dated February 5, 1954 from E. H. Bergmann, Sealy, Inc. to M. A. Kaplan, Sealy, Chicago and R. B. Swearingen, Sealy, Louisville, Ky.....	818E	741
No. 430—Letter dated March 15, 1954 from E. H. Bergmann, Sealy, Inc. to C. B. McGillivray, Sealy, Chicago, Ill.....	820E	743
No. 431—Letter dated February 16, 1954 from E. H. Bergmann, Sealy, Inc. to M. A. Kaplan, Sealy, Chicago and R. B. Swearingen, Sealy, Louisville, Ky.....	821E	744
No. 432—Agreement dated April 2, 1954 between Sealy Mattress of Chicago and Sealy Mattress of Louisville re Pearsons Furniture & Music Co. of Indianapolis.....	823E	746
No. 433—Letter dated March 22, 1954 from E. H. Bergmann, Sealy, Inc. to C. B. McGillivray, Sealy, Chicago, Ill.....	824E	748
No. 434—Letter dated March 25, 1954 from R. B. Swearingen, Sealy, Louisville to E. H. Bergmann, Sealy, Inc., Cleveland, Ohio.....	825E	749
No. 435—Letter dated April 2, 1954 from C. B. McGillivray, Sealy, Chicago, Illinois to R. B. Swearingen, Sealy, Louisville, Ky.....	827E	751
No. 436—Letter dated April 8, 1954 from R. L. Howard, Logan Co. to Earl Bergmann, Sealy, Inc., Cleveland, Ohio.....	829E	753
No. 437—Letter dated April 19, 1954 from E. H. Bergmann, Sealy, Inc. to R. L. Howard, Sealy, Louisville, Ky.....	832E	756
No. 438—Letter dated February 14, 1955 from Wm. A. Edie, Louisville, Ky. to C. B. McGillivray, Sealy, Chicago, Ill.....	833E	757

Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Continued

Government's Exhibits—Continued

	Original	Print
No. 439—Letter dated February 15, 1955 from C. B. McGillivray, Chicago, Ill. to Bill Edie, Sealy, Louisville, Ky.....	834E	758
No. 440—Letter dated February 16, 1955 from E. H. Bergmann, Sealy, to Wm. A. Edie, Sealy, Louisville, Ky. and C. B. McGillivray, Sealy, Chicago, Ill.....	835E	759
No. 441—Letter dated February 16, 1955 from E. H. Bergmann, Sealy, to C. B. McGillivray, Sealy, Chicago, Ill. and Wm. A. Edie, Sealy, Louisville, Ky.....	836E	760
No. 442—Letter dated February 21, 1955 from Wm. A. Edie, Sealy, to C. B. McGillivray, Sealy, Chicago, Ill.....	837E	761
No. 443—Letter dated February 24, 1955 from C. B. McGillivray, Sealy, to Wm. A. Edie, Sealy, Louisville, Ky.....	838E	762
No. 444—Letter dated February 27, 1955 from W. A. Edie, Sealy, Louisville, Ky. to Earl Bergmann, Cleveland, Ohio with attachments.....	839E	763
No. 445—Telegram dated March 2, 1955 from Earl Bergmann, Sealy, to C. B. McGillivray, Sealy, Chicago, Ill.....	843E	769
No. 446—Letter dated March 2, 1955 from C. B. McGillivray, Sealy, Chicago, Ill. to Earl Bergmann, Sealy, Chicago, Ill.....	844E	769
No. 447—Letter dated April 11, 1955 from C. B. McGillivray, Sealy, to Wm. A. Edie, Sealy, Louisville, Ky.....	846E	771
No. 447-A—Agreement dated January 1, 1955 between Sealy of Chicago and Sealy of Louisville, Ky.....	847E	772
No. 448—Letter dated April 29, 1955 from Wm. A. Edie, Sealy, to Earl Bergmann, Sealy, Chicago, Ill.....	848E	773
No. 449—Letter dated April 29, 1955 from Wm. A. Edie, Sealy, to C. B. McGillivray, Sealy, Chicago, Ill.....	849E	774
No. 450—Letter dated June 8, 1955 from Wm. A. Edie, Sealy, to Earl Bergmann, Sealy, Chicago, Ill.....	850E	775
No. 451—Letter dated August 3, 1955 from E. H. Bergmann, Sealy to E. C. Logan, Sealy, Louisville, Ky.....	851E	776

Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Con-  
tinued

Government's Exhibits—Continued

	Original	Print
No. 452—Letter dated January 11, 1956 from Robert L. Howard, Controller to Ray Garland, Pearsons, Chicago, Ill. ....	854E	778
No. 453—Letter dated October 17, 1956 from Fiel- den Woodward, Woodward, Hobson & Fulton, Louisville, Ky. to E. H. Bergmann, Sealy, Inc.	855E	779
No. 454—Letter dated October 29, 1956 from E. H. Bergmann, Sealy, Inc. to M. A. Kaplan, Sealy, Chicago, Ill. ....	858E	782
No. 455—Letter dated November 8, 1956 from E. C. Logan, Sealy, Louisville to E. H. Berg- mann, Sealy, Inc., Chicago, Ill. ....	859E	783
No. 456—Letter dated March 12, 1953 from J. R. Lawrence, Sealy, Inc. to H. L. Forbes, Sealy, Louisville, Ky. ....	861E	785
No. 457—Memorandum from J. R. Lawrence to E. H. Bergmann, dated April 14, 1953. ....	862E	786
No. 458—Letter dated October 14, 1953 from C. B. McGillivray, Sealy, Chicago to E. H. Bergmann, Sealy, Inc., Cleveland, Ohio. ....	863E	787
No. 459—Letter from E. H. Bergmann, Sealy, Inc. to E. M. Wuliger, Sealy, Cleveland, Ohio, dated December 24, 1953. ....	865E	789
No. 460—Letter from R. G. Culp, Sealy, Pitts- burgh, to E. H. Bergmann, Sealy, Inc., Cleve- land, Ohio. ....	866E	790
No. 461—Letter dated January 12, 1954 from E. H. Bergmann, Sealy, Inc. to Sealy of Pitts- burgh. ....	867E	792
No. 461-A—Letter dated May 18, 1954 from E. H. Bergmann, Sealy, Inc. to Max Lewis, Sealy, Paterson, N.J. ....	869E	793
No. 461-B—Letter from M. Lewis, Sealy, Pater- son, N.J. to E. H. Bergmann, Sealy, Inc., dated May 20, 1954. ....	870E	794
No. 462—Letter dated July 19, 1954 from Morris A. Kaplan, Sealy, Chicago to Marcus Haas, Sealy, Memphis, Tenn. ....	872E	795
No. 463—Letter dated July 21, 1954 from M. L. Haas, Sealy Company of the Southeast to Sealy, Chicago, Ill. ....	873E	796
No. 464—Letter dated July 26, 1954 from Morris A. Kaplan, Sealy, Chicago, Ill. to H. N. Ryden, Sealy, Des Moines, Iowa. ....	875E	798

Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Continued

Government's Exhibits—Continued

	Original	Print
No. 465—Letter dated August 3, 1954 from H. N. Ryden, Sealy, Des Moines to Morris A. Kaplan, Sealy, Chicago, Ill. ....	877E	801
No. 466—Letter dated August 10, 1954 from E. H. Bergmann, Sealy, Inc. to M. A. Kaplan, Chicago; Harry Ryden, Des Moines; Marcus Haas, Memphis; and P. D. Brown, Detroit. ....	878E	802
No. 467—Letter dated August 12, 1954 from H. N. Ryden, Sealy, Des Moines to Earl H. Bergmann, Sealy, Inc. ....	880E	804
No. 468—Letter dated August 13, 1954 from C. B. McGillivray, Sealy, Chicago to E. H. Bergmann, Sealy, Inc. ....	881E	805
No. 469—Letter dated August 17, 1954 from E. H. Bergmann, Sealy, Inc. to Harry Ryden, Sealy, Des Moines. ....	882E	806
No. 470—Letter dated August 19, 1954 from M. L. Haas, Sealy, Memphis to Sealy, Inc., Cleveland	883E	807
No. 471—Letter dated August 17, 1954 from E. H. Bergmann, Sealy, Inc. to Ralph Swearingen, Sealy, Louisville. ....	884E	808
No. 472—Letter dated September 7, 1954 from E. H. Bergmann, Sealy, Inc. to Ralph Swearingen, Sealy, Louisville, Ky. ....	885E	809
No. 473—Letter dated September 9, 1954 from "Leon", Sealy, Louisville to Ralph Swearingen	886E	810
No. 474—Letter dated September 13, 1954 from R. B. Swearingen, Sealy, Louisville to E. H. Bergmann, Sealy, Inc. ....	887E	812
No. 475—Letter dated September 27, 1954 from E. H. Bergmann, Sealy, Inc. to Ralph B. Swearingen, Sealy, Louisville. ....	888E	814
No. 476—Letter dated August 24, 1954 from J. R. Rudick, Sealy, Baltimore to Earl Bergmann, Sealy, Inc. with attached letter dated August 24, 1954 from J. R. Rudick to Eugene Kligman, Sealy, Brooklyn. ....	889E	815
No. 477—Letter dated August 26, 1954 from E. H. Bergmann, Sealy, Inc. to Joseph Rudick, Sealy, Baltimore, Md. ....	892E	818
No. 478—Letter dated September 15, 1954 from M. L. Haas, Sealy, Memphis to Louis G. Haas, Sealy of the Southwest. ....	893E	819
No. 479—Letter dated September 27, 1954 from E. H. Bergmann, Sealy, Inc. to C. McGillivray, Sealy, Chicago, Ill. ....	894E	820



Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Con-  
tinued

Government's Exhibits—Continued

	Original	Print
No. 480—Letter dated December 28, 1954 from H. F. Kaufman, Sealy, Pittsburgh to E. H. Bergmann, Sealy, Inc.....	896E	822
No. 481—Letter dated December 30, 1954 from Ernest M. Wuliger, Sealy, Cleveland, to H. F. Kaufman, Sealy, Pittsburgh.....	897E	823
No. 483—Letter dated January 7, 1955 from E. H. Bergmann, Sealy, Inc. to E. M. Wuliger, Sealy, Cleveland .....	898E	824
No. 484—Letter dated January 7, 1954 from E. H. Bergmann, Sealy, Inc. to H. F. Kaufman, Sealy, Pittsburgh.....	899E	825
No. 485—Letter dated January 10, 1955 from (?) to Ernest.....	900E	826
No. 486—Letter dated January 13, 1955 from Ernest M. Wuliger, Sealy, Cleveland to E. H. Bergmann, Sealy, Inc.....	901E	828
No. 487—Letter dated January 14, 1955 from E. H. Bergmann, Sealy, Inc. to Ernest M. Wuliger, Sealy, Cleveland, Ohio.....	902E	829
No. 488—Letter dated January 17, 1955 from Ernest M. Wuliger, Ohio Mattress Co., Cleve- land to E. H. Bergmann, Sealy, Inc., Cleveland	904E	831
No. 489—Letter dated February 17, 1955 from H. F. Kaufman, Sealy, Pittsburgh to E. H. Bergmann, Sealy, Inc.....	905E	833
No. 490—Letter dated March 11, 1955 from E. H. Bergmann, Sealy, Inc. to E. M. Wuliger, Sealy, Cleveland .....	907E	835
No. 491—Memorandum dated March 17, 1955 from Kay K. Kaplan to Mr. Bergmann .....	908E	836
No. 492—Letter dated March 17, 1955 from E. H. Bergmann, Sealy, Inc. to H. F. Kaufman, Sealy, Pittsburgh .....	910E	837
No. 493—Letter dated February 10, 1955 from C. B. McGillivray to Bill Edie, Logan Com- pany, Louisville, Ky.....	911E	838
No. 494—Letter dated June 20, 1955 from Roy B. Unger, Sealy, Cleveland to E. H. Bergmann, Sealy, Inc., Chicago .....	912E	839
No. 495—Letter dated July 6, 1955 from E. H. Bergmann, Sealy, Inc. to Roy Unger, Sealy, Cleveland .....	913E	840
No. 496—Letter dated August 9, 1955 from E. H. Bergmann, Sealy, Inc. to Roy Unger, Sealy, Cleveland, and J. DiSalvo, Sealy, Pittsburgh ..	914E	841

Record from the United States District Court for the  
Northern District of Illinois, Eastern Division,—Con-  
tinued

Government's Exhibits—Continued

	Original	Print
No. 497—Letter dated July 25, 1955 from D. B. Embree, Sealy, Memphis to E. H. Bergmann, Sealy, Inc., Chicago	915E	842
No. 498—Letter dated August 3, 1955 from E. H. Bergmann, Sealy, Inc. to Mrs. D. B. Embree, Sealy, Memphis	916E	843
No. 499—Letter dated August 3, 1955 from E. H. Bergmann, Sealy, Inc. to Morris A. Kaplan, Sealy, Chicago	917E	844
No. 500—Letter dated August 8, 1955 from Morris A. Kaplan, Sealy, Chicago to E. H. Bergmann, Sealy, Inc.	918E	845
No. 501—Letter dated August 11, 1955 from E. H. Bergmann, Sealy, Inc. to Mrs. D. B. Embree, Sealy, Memphis	919E	846
No. 502—Letter dated August 11, 1955 from E. H. Bergmann, Sealy, Inc. to Morris A. Kaplan, Sealy, Chicago	920E	847
No. 503—Letter dated September 20, 1955 from E. H. Bergmann, Sealy, Inc. to Mrs. D. B. Embree, Sealy, Memphis	921E	848
No. 504—Letter dated September 22, 1955 from D. B. Embree, Sealy, Memphis, to E. H. Bergmann, Sealy, Inc., Chicago	922E	849
No. 505—Letter dated October 15, 1955 from D. B. Embree, Sealy, Memphis to E. H. Bergmann, Sealy, Inc. with attached catalog sheet of Harrison Wholesale Company	923E	850
No. 506—Letter dated October 18, 1955 from E. H. Bergmann, Sealy, Inc. to D. B. Embree, Sealy, Memphis	925E	853
No. 507—Letter dated August 18, 1955 from A. Eisenberg, Sealy, New York to Max Lewis, Sealy, Paterson, N.J.	926E	854
No. 508—Letter dated August 24, 1955 from E. H. Bergmann, Sealy, Inc. to Eugene Kligman, Brooklyn	927E	855
No. 509—Letter dated August 29, 1955 from Eugene Kligman, Sealy, New York to Earl Bergmann, Sealy, Inc.	928E	856
No. 510—Letter dated September 19, 1955 from E. H. Bergmann, Sealy, Inc. to Eugene Kligman, Sealy, Brooklyn	929E	857

Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Con-  
tinued

Government's Exhibits—Continued

	Original	Print
No. 511—Letter dated November 2, 1955 from Eugene Kligman, Sealy, Brooklyn to Earl Bergmann, Sealy, Inc. Chicago.....	930E	858
No. 512—Letter dated October 26, 1955 from Fred Weintraub, Darling Distributing Corp., N.Y. to Gene Kligman, Sealy, Brooklyn.....	932E	860
No. 513—Letter dated September 7, 1955 from J. R. Rudick, Sealy, Baltimore to E. H. Bergmann, Sealy, Inc., Chicago, Ill.....	933E	861
No. 514—Letter dated May 21, 1956 from J. R. Rudick, Sealy, Baltimore to J. V. Moffitt, Jr., Sealy, Lexington, N.C.....	935E	863
No. 515—Letter dated April 18, 1956 from E. H. Bergmann, Sealy, Inc. to Mrs. D. B. Embree, Sealy, Memphis.....	936E	864
No. 516—Letter dated April 13, 1956 from D. B. Embree, Sealy, Memphis to E. H. Bergmann, Sealy, Inc., Chicago, Ill.....	938E	866
No. 517—Letter dated September 26, 1955 from Sidney Sutherland, Sealy, Richmond, Va. to Joe Moffitt, Sealy, Lexington, N.C.....	941E	869
No. 518—Letter dated October 14, 1955 from J. V. Moffitt, Jr., Sealy, Lexington, N.C. to Sidney Sutherland, Sealy, Richmond, Va.....	942E	870
No. 519—Letter dated October 18, 1955 from Sidney Sutherland, Sealy, Richmond to E. H. Bergmann, Sealy, Inc., Chicago, Ill.....	944E	872
No. 520—Letter dated October 18, 1955 from Sidney Sutherland, Sealy, Richmond to J. V. Moffitt, Jr., Sealy, Lexington, N.C.....	945E	873
No. 521—Letter dated July 5, 1956 from Joseph R. Rudick, Sealy, Baltimore to E. H. Bergmann, Sealy, Inc.....	946E	874
No. 522—Letter dated February 29, 1956 from D. B. Embree, Sealy, Memphis to E. H. Bergmann, Sealy, Inc., Chicago, Ill.....	948E	876
No. 523—Letter dated March 2, 1956 from E. H. Bergmann, Sealy, Inc. to Mrs. D. B. Embree, Sealy, Memphis.....	949E	877
No. 524—Letter dated March 2, 1956 from E. H. Bergmann, Sealy, Inc. to William Edie, Sealy, Louisville.....	950E	878
No. 525—Letter dated March 12, 1956 from Wm. A. Edie, Sealy, Louisville to Earl Bergmann, Sealy, Inc., Chicago, Ill.....	951E	879

Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Con-  
tinued

Government's Exhibits—Continued

	Original	Print
No. 526—Letter dated May 7, 1956 from Wm. A. Edie, Sealy, Louisville to Earl Bergmann, Sealy, Inc., Chicago, Ill. ....	952E	880
No. 527—Letter dated May 8, 1956 from E. H. Bergmann, Sealy, Inc. to William Edie, Sealy, Louisville .....	953E	881
No. 528—Letter dated December 4, 1956 from Edgar C. Haas, Jr., Sealy, Memphis to E. H. Bergmann, Sealy, Inc., Chicago, Ill. ....	954E	882
No. 529—Letter dated December 17, 1956 from E. H. Bergmann, Sealy, Inc. to Edgar C. Haas, Jr., Sealy, Memphis .....	955E	883
No. 530—Letter dated December 18, 1956 from E. H. Bergmann, Sealy, Inc. to J. L. Metcalfe, Sealy, Bluefield, Va. ....	956E	884
No. 531—Letter dated December 26, 1956 from J. L. Metcalfe, Sealy, Bluefield, Va. to E. H. Bergmann, Sealy, Inc. ....	957E	885
No. 532—Letter dated December 28, 1956 from E. H. Bergmann, Sealy, Inc. to Edgar Haas, Jr., Sealy, Memphis, Tenn. ....	958E	886
No. 533—Letter dated December 28, 1956 from E. H. Bergmann, Sealy, Inc. to R. G. Culp, Sealy, Pittsburgh .....	959E	887
No. 534—Letter dated December 31, 1956 from R. G. Culp, Sealy, Pittsburgh to E. H. Bergmann, Sealy, Inc. ....	960E	888
No. 601—Minutes of the Sealy Board of Directors Meeting, held at Pittsburgh, Pa., November 4, 1938 (excerpts) .....	961E	889
No. 638—Minutes of Reconvened Meeting of Sealy, Inc. Board of Directors, held at San Souci Hotel, Miami Beach, Florida, April 7, 1954 (excerpts) .....	968E	890
No. 662—Minutes of the Advertising & Merchandising Committee Meeting in Chicago, Ill., December 11, 1956 (excerpts) .....	972E	891
No. 664—Minutes of the Advertising & Merchandising Committee Meeting in New York, January 26, 1957 (excerpts) .....	978E	896
No. 741—Bulletin from J. R. Lawrence to all Sealy Licensees. Subject: Resume of royalty payments. Dated May 29, 1952 (excerpts) ..	984E	900

Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Con-  
tinued

Government's Exhibits—Continued

Original Print

No. 753—Bulletin from E. H. Bergmann to all Sealy Licensees. Subject: Programs of procedure approved and adopted by the Board of Directors. Dated May 28, 1954	986E	901
No. 777—Bulletin from E. H. Bergmann to all Sealy plants. Subject: Specification and cost committees for 1956. Dated February 17, 1956	989E	904
No. 816—Letter from Ernest M. Wuliger to E. H. Bergmann. Dated February 11, 1953	990E	905
No. 817—Letter from H. F. Kaufman to E. H. Bergmann. Dated February 18, 1953	991E	906
No. 887—Letter from J. V. Moffitt, Jr. to E. H. Bergmann. Dated May 4, 1956	992E	908
No. 878—Letter from E. H. Bergmann to J. V. Moffitt, Jr., dated May 8, 1956	993E	909
No. 932—Minutes of Executive Committee Meeting, held William Penn Hotel, Pittsburgh, Pa., December 14, 1936 (excerpts)	994E	910
No. 933—Minutes of Executive Committee Meeting, held Stevens Hotel, Chicago, Ill., January 7, 1937 (excerpts)	999E	913
No. 934—Minutes of Board of Directors Meeting, held Stevens Hotel, Chicago, Ill., January 8, 1937 (excerpts)	1002E	916
No. 937—Minutes of the Board of Directors Meeting, held Palmer House, Chicago, Ill., June 30 and July 1, 1937 (excerpts)	1004E	916
No. 938—Minutes of the Stockholders Meeting of Sealy, Inc., held Palmer House, Chicago, Ill., July 2 and 3, 1937 (excerpts)	1006E	917
No. 939—Alphabetical list of Stockholders, December 6, 1937 and Sealy Annual Meeting, held Palmer House, Chicago, Ill. Board of Directors, December 7, 1937 (excerpts)	1008E	918
No. 940—Sealy Stockholders Meeting, held Palmer House, Chicago, Ill., December 7, 1937 (excerpts)	1012E	920
No. 941—Minutes of Executive Committee Meeting, held Hotel George Washington, W. Palm Beach, Fla., February 21 and 22, 1938 (excerpts)	1022E	923
No. 946—Minutes of the Semi-Annual Meeting of Members and Stockholders of Sealy, Incorporator, held Pursuant to Notices Duly Mailed, at the Congress Hotel, Chicago, Illinois, July 2, 1941 (excerpts)	1028E	924



Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Continued.

Government's Exhibits—Continued

	Original	Print
No. 950—Proceedings of Licensee Meeting Sealy, Inc., held Palmer House, Chicago, Illinois, November 28, 1942 (excerpts) . . . . .	1029E	925
No. 951—Minutes of the Meeting of the Licensees of Sealy Incorporated, held at the Chicagoan Hotel, December 4, 1943. . . . .	1031E	926
No. 956—Minutes of the Meeting of the Board of Directors of Sealy, Incorporated, held Drake Hotel, Chicago, Ill., November 23, 1945 (excerpts) . . . . .	1033E	928
No. 957—Minutes of the Meeting of the Licensees of Sealy, Incorporated, held Drake Hotel, Chicago, Ill., November 25, 1945 (excerpts) . . . . .	1035E	928
No. 958—List of Stockholders, Sealy, Incorporated, March 9, 1947 . . . . .	1037E	929
No. 962—Minutes of the Meeting of the Stockholders of Sealy, Incorporated, held Stevens Hotel, Chicago, Ill., November 21, 1947 (excerpts) . . . . .	1038E	930
No. 964—Minutes of Meeting of Licensees of Sealy, Incorporated, held at Furniture Mart, July 2, 1948 (excerpts) . . . . .	1040E	931
No. 970—Minutes of the Board of Directors of Sealy, Incorporated, held Stevens Hotel, Chicago, Ill., November 11, 1950 (excerpts) . . . . .	1044E	932
No. 972—Minutes of Sealy Incorporated Board of Directors Meeting, held at the American Furniture Mart, Chicago, Illinois, November 9, 1951 (excerpts) . . . . .	1046E	933
No. 973—Minutes of Sealy, Incorporated Stockholders Meeting, held at American Furniture Mart, Chicago, Ill., November 10, 1951. . . . .	1050E	936
No. 974—Minutes of Sealy, Incorporated New Board of Directors Meeting, held at the American Furniture Mart, Chicago, November 10, 1951 (excerpts) . . . . .	1051E	938
No. 976—Minutes of Sealy, Incorporated Board of Directors Meeting, held at Conrad Hilton Hotel, Chicago, Ill., November 21, 1952 (excerpts) . . . . .	1054E	939
No. 978—Sealy, Incorporated Stockholders List . . . . .	1062E	943
No. 980—List of Sealy, Incorporated Stockholders, September 23, 1955 . . . . .	1063E	945
No. 981—By-Laws of Sealy, Incorporated, November 11, 1955 . . . . .	1064E	946



Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Continued

Government's Exhibits—Continued	Original	Print
No. 985—List of Sealy, Incorporated Stockholders, September 28, 1956 .....	1074E	957
No. 991-D—Sealy, Inc.—Officers and Directors, 1956-1957 .....	1075E	958
No. 991-E—Sealy, Incorporated 1957 Committees .....	1076E	960
No. 991-F—Names, addresses and position of Sealy, Incorporated Employees, 1951 To-Date .....	1077E	962
No. 991-G—Names, Companies and Locations of Sealy Plants, dated October 26, 1956 .....	1079E	965

Volume IV—Exhibits

No. 991-H—Names and Locations of Sealy, Incorporated Stockholders, by Plants .....	1081E	967
No. 996—Selected pages of Sealy, Incorporated Report on Examination, Year ended June 30, 1956 (excerpts) .....	1084E	970
No. 998—Selected pages of Sealy, Incorporated, Report on Examination, Year ended June 30, 1955 (excerpts) .....	1090E	974
No. 999—Selected pages of Sealy, Incorporated, Report on Examination, Year ended June 30, 1954 (excerpts) .....	1092E	976
No. 999-A—Selected pages of Sealy, Incorporated, Report on Examination, Year ended June 30, 1953 (excerpts) .....	1094E	978
No. 1005—Selected pages of Agenda, Sealy, Board of Directors Meeting, April 5-6-7, 1954 (excerpts) .....	1097E	980
—1954 Committees, Sealy, Incorporated .....	1098E	980
No. 1011—Annual Stockholders Meeting, Sealy, Incorporated, November 12, 1954 .....	1099E	983
No. 1012—Manufacturer's Contract, dated September 1, 1936 at Pittsburgh, Pa. by Sealy, Incorporated and The Ohio Mattress Co. of Cleveland, Ohio .....	1110E	997
No. 1013—Contract Agreement between Sealy and the Ohio Mattress Co., dated December 1, 1937 at Pittsburgh, Pa. ....	1126E	1011
No. 1014—Contract made between Sealy, Incorporated and Made-Wel Bedding Co. Proprietors—Morris Lewis & Samuel Hertz of 43 Aspen St., Passaic, N. J., at Chicago, Ill., May 1, 1941 .....	1129E	1013

Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Con-  
tinued

Government's Exhibits—Continued

	Original	Print
No. 1015—Contract made between Sealy, Incorporated and the Fred G. Hodges Bedding Co. of Reading, Pa. at Pittsburgh, Pa. on August 1, 1938	1145E	1027
No. 1016—Contract made between Sealy, Incorporated and U.S. Bedding Co. of Shelby County, Memphis, Tenn., November 1, 1936, at Pittsburgh, Pa.	1164E	1046
No. 1017—Contract made between Sealy, Incorporated and The Colorado Mattress Mfg. Co., of Denver, Colo., at Pittsburgh, Pa. on September 12, 1936	1201E	1092
No. 1018—Contract made between Sealy, Inc. and Sealy Mattress Co. of Northern California, place of business, Oakland, California, at Pittsburgh, Pa. on December 15, 1937	1222E	1113
No. 1020—Telegram from J. R. Lawrence to I. A. Wiener, dated December 2, 1948	1256E	1153
—Letter from I. A. Wiener to J. R. Lawrence, dated November 29, 1948	1257E	1153
—Letter from J. R. Lawrence to I. A. Wiener, dated November 24, 1948	1258E	1154
—Telegram from L. Ballard to J. R. Lawrence, dated December 8, 1948	1259E	1155
—Telegram from Sealy Mattress, Allston, Mass. to J. R. Lawrence, dated December 8, 1948	1260E	1155
—Letter from J. R. Lawrence to I. A. Wiener, dated December 15, 1948	1261E	1156
—An Agreement made between Eagle Mattress Co., and Sealy, Inc., on May 1, 1946	1262E	1157
No. 1031—Amendment to the Agreement between Sealy, Incorporated and Sealy Mattress Co. of Kansas City, dated October 1947	1270E	1171
No. 1051—Contract between Sealy, Incorporated and Sanitary Bedding Co., a partnership consisting of Ross S. Rosenberg, Mrs. Rebecca Rosenberg, Isadore Segal, Saralee (Mrs. Bernard) Kegan, on September 27, 1948	1273E	1174
No. 1061—Contract between Sealy, Incorporated and U.S. Bedding Co., of Memphis, Tenn., a corporation of Georgia, on July 1, 1950	1284E	1192

Record from the United States District Court for the  
Northern District of Illinois, Eastern Division—Con-  
tinued

Government's Exhibits—Continued

	Original	Print
No. 1064—Contract between Sealy, Incorporated and David Mfg. Co., of the State of Missouri, with office at Kansas City, Mo., on October 1, 1952 .....	1295E	1211
No. 1065—Contract between Sealy, Incorporated and Peerless Mattress Co., Inc., a corporation of North Carolina, with offices in Lexington, N.C., on November 1, 1952 .....	1314E	1232
No. 1074—Contract between Sealy, Incorporated / and Sanitary Bedding Co., a partnership consisting of Ross S. Rosenberg, Bernard M. S. Kegan and Rebecca R. Lichter, on May 15, 1952 .....	1334E	1254
No. 1085—Contract between Sealy, Incorporated and Schmitt & Henry Mfg. Co., of Des Moines, Iowa, whose tradename is Sealy Mattress Co., on September 28, 1948 .....	1353E	1275
No. 1086—Contract between Sealy, Incorporated and Brown Reliable Bedding Co., a corporation of Michigan, on September 1, 1954 .....	1365E	1296
No. 1107—Interrogatories 7, 8 and 9 and answers thereto .....	1383E	1315
No. 1113—Interrogatories 58 and 62 and answers thereto .....	1391E	1322
No. 1168—Telegram sent to Marty Rudick from Gloria S. Bennett, U. S. Merchandise Mart, Washington, D.C., dated July 2, 1956 .....	1402E	1332
No. 1169—Letter from Marty Rudick to Mr. Norman Bennett, U. S. Merchandise Mart, Washington, D.C., dated July 27, 1956 .....	1403E	1333
No. 1170—Letter from Norman Bennett to Marty Rudick, Sealy Mattress Co., Baltimore, Md., dated April 21, 1956 .....	1404E	1334
No. 1171—Letter from Marty Rudick to Norman Bennett, dated August 29, 1956 .....	1405E	1335
No. 1172—Letter from Norman Bennett, President to Marty Rudick, dated September 10, 1956 .....	1406E	1336

[fol. 1E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 1

Sugar Land, Texas, January 26, 1925

Sealy Convention, Chicago, Illinois

Congress Hotel, January 10th, 11th and 12th

This is a condensed report of the *Sixth Semi-Annual general Convention* of the Sealy Mattress Factories, held at Chicago on *January 10th, 11th and 12th, 1925*, Hotel Congress.

E. E. Edwards, Chairman, presiding.

The *Chair* made a few short comments on the development and the *apparent progress* of the Sealy plan. [The first subject of the Convention and perhaps one of the most vital, from the Sealy Manufacturers' point of view, was that of *purchasing* the *patents, trade-marks, good-will* of the present Sealy Mattress Company, owned by the Sugarland Industries.]

Mr. *Thos. H. Cobbs*, Attorney, St. Louis, Mo., who has worked with me the past three years on the Sealy plan, was *present*. We were also honored by the *presence* of Judge Trimble of Pittsburgh.

The *stenographic report* covers *five closely typewritten pages* of that part of the conversation relating to the *incorporation* of the new Company. It is too lengthy to quote here. All details were thoroughly discussed by all present. [According to the terms of the Good-Will Contract, each party who signed it will become a director of the new Company. Each factory signing will be sent a rider to be attached to the present license contract, giving them the option of renewing at the expiration of each ten year period. An *agreement was reached*, giving the newly organized company the *option of calling in stock held by E. E. Edwards* at any time it might deem it advisable to do so. The details of this arrangement, and others, will be incorporated in the minutes of the first meeting of the Board of Directors.]

Our legal counsel suggested that an *Executive Committee* be appointed and that from it the first officers be elected. Mr. Haas moved that the Chair appoint the members of the Executive Committee. Mr. Sigmon seconded the motion. The motion carried unanimously.

[After a night's reflection on the requirements of the organization, with a view of the geographical location and invested interests, the following *Executive Committee* was named. J. R. Haas, Memphis; Geo. D. Thornton, Indianapolis; J. P. Chapman, Detroit; J. W. Bowersox, Los Angeles; A. C. Wilcken, St. Paul; H. E. Wolf, Pittsburgh. It was agreed that the *Executive Committee* should meet four times annually, the meetings of this Committee to be held in January and July at the regular semi-annual Convention, and in April and October.] It was further agreed that the traveling expenses of this Committee to two of the meetings would be paid by the Corporation. The first meeting of the executive committee will be held in Chicago, on Friday, February 13th, at which time final details of incorporation will be concluded.

At the previous Sealy Conventions, we discussed the possibility and advisability of making some arrangement to finance dealers on the extended payment plan.

. . . . .

[fol. 2E] Prices for 1925 came up again for careful consideration. Some of the factories are securing 25 to 50 cents per mattress more than the minimum. The price fixed by us on the Sealcrest is \$25.90, but Mr. Haas is obtaining \$26.50 and Mr. Wilckens of St. Paul \$27.50. After taking into consideration market conditions and the possible trend, it was decided to leave prices as they are. That is, the prices now in force in the various territories will not be changed until further notice. Any change in prices will be made by the new Executive Committee.

The advisability of discontinuing our space in the Furniture-Mart was considered.

. . . . .

The advisability of changing the specifications of the fillers in the different mattresses was discussed.

. . . . .



[fol. 3E] What seems to be the trend of price in linters was the next question.

A *uniform method of wrapping and packing* the Sealy is very much *desired* by all of us. We had on *display a flat carton* which would be ideal for shipping the Sealy Tuftless.

[fol. 4E] It was *unanimously voted* that *all labels* for all products be *purchased* through the office of the new organization in order that they may be kept uniform in size, wording and appearance.

Every factory represented was very much interested in it.

On Monday morning, January 12th, at 9:30, *all of the representatives met* in the *Sealy space* in the *Furniture Mart* to view and purchase stocks of metal beds that were especially produced and trade-marked under the name of the Sealy Mattress Company.

[fol. 5E-7E] The *Sealy Bed Spring* has been developed and improved and as shown in January, is superior to any other bed spring offered on the market.

[fol. 8E] At the conclusion of Mr. Haas' talk there was a general discussion about each factory contributing one hundred dollars extra for the first six months of this year. Finally, with one exception, every factory agreed to contribute an extra hundred dollars, to the treasury of the new corporation. One hundred dollars extra is to be paid by each factory to the corporation, without regard to the amount of royalties earned by it.

[fol. 9E] *At this point, Mr. Sam Golding of Golding Bros. was invited in to talk to us about the ticking situation. Mr. Golding states that his ideas are that ticking will go very much higher. Business is going to be better and prices are going to be higher on all grades of goods. He explained his methods of buying, of manufacturing and serving merchandise to the Sealy factories. He stated that he would put up any amount of money against any competitor, to prove that no one could undersell him on the Sealy plan on a legitimate basis. In order to put over the Sealy plan, he desired to do our work free of cost. That is, that he would do the work for us without any remuneration for the services of Golding Bros. The convention rejected his offer and went on record as favoring the 5% gross profit we are paying him above cost, out of which he must pay all expenses of his organization for handling the Sealy business. At this point, Mr. Haas, made a motion that royalties on all ticking, except the Sealy imprint ticking, be removed. Mr. Stein seconded the motion and it was carried. In other words, any concern which has bought ticking from Golding Bros., other than imprinted trade-mark tickings, on which a royalty was paid, will have that royalty returned to it by Golding Bros.*

*Our whole aim and effort is to be able to purchase ticking from Golding Bros. cheaper through the medium of the Sealy organization than it can be purchased from competitors on any other basis. Golding Bros. are to charge us for the grey goods, the designing, the engraving and printing, plus 5%. So far, we have not found any concern who will take it on a cheaper basis. Mr. Wolfe of Indianapolis suggested that in view of the fact that very few Sealcrest mattresses were being sold, and further that most of the factories had an ample supply of Sealcrest ticking on hand, and, that about 38,000 yards of it is on hand at the mill, ready for delivery to the factories, that the Sealcrest should be used on the Sealy Star mattress. After some discussion it was agreed that the Sealcrest would be used on the Sealy Star mattress and Mr. Wolfe immediately had his Chicago factory make up one and put it on display in the Furniture Mart. It was very pleasing indeed and the white tape certainly sets it off in good contrast to the multitude of colors which are used in the ticking.*

. . . . .

[fol. 10E] The *executive committee* gave a great deal of time and thought to the possibility of securing a general manager with headquarters in Chicago. As our amount of funds are limited, it was decided that we are not in a financial condition to carry out our plans at this time. Mr. Hertz has agreed to go to the Furniture Mart Building each day and to take care of such correspondence which comes up for his attention. He is making no charge for his services.

In order to make his letters more effective, it was decided to give him the title of General Manager. It was further decided that as soon as our new corporation is formed that we will make the Lake Trust & Savings Bank of Chicago depository for our savings, and all royalties are to be remitted direct to them.

These are briefly some of the subjects discussed. There were others, too numerous to mention. Each meeting is more successful than the one proceeding it. The Sugarland Industries are out of it and the factories own the proposition. Let us make this the greatest mattress organization in the world.

•   •   •   •   •   •   •

[fols. 11E-12E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 2A

SEALY CORPORATION

Chicago, Illinois

February 13, 1925

Minutes of Organization Meeting

Pursuant to the consent of the incorporators, who are also named as the first Board of Directors, as evidenced by their signatures hereto, the first or organization meeting of the Sealy Corporation was held at the Congress Hotel in Chicago, Illinois, this 13th day of February, 1925.

The meeting was called to order by Mr. E. E. Edwards, and he was elected Chairman. Mr. Thos. H. Cobbs was elected as secretary.

There were present, Mr. E. E. Edwards of Sugarland, Texas, Mr. Wm. Hertz of Chicago, Illinois, Mr. Thos. H. Cobbs of St Louis, Missouri, as the original incorporators, and Mr. J. R. Haas of Memphis, Tennessee, Mr. Geo. D. Thornton of Pittsburgh, Pennsylvania, Mr. J. W. Bowersox of Los Angeles, California, Mr. A. C. Wilcken of St. Paul, Minnesota, and Mr. J. P. Chapman of Detroit, Michigan.

Mr. Cobbs reported that he had procured a charter, or Certificate of Incorporation from the Secretary of State of the State of Illinois, issued on February 7, 1925, and that the original of this certificate had been sent to the Recorder of Deeds of Cook County, Illinois, for record there in accordance with the provisions of the laws of Illinois.

Mr. Cobbs then presented a set of By-Laws, which he had prepared, and after full discussion and consideration, the By-Laws were amended and, on motion duly made and seconded, were unanimously adopted as amended.

On motion duly made and seconded, the Certificate of Incorporation and the By-Laws as amended and adopted, were ordered spread upon the minutes of this meeting as follows, to wit:

Certificate of Incorporation follows.

. . . . .

[fol. 13E]

## Certificate Number 21001

## STATE OF ILLINOIS

## OFFICE OF THE SECRETARY OF STATE

TO ALL TO WHOM THESE PRESENTS SHALL COME,  
GREETINGS:

Whereas, a Statement of Incorporation, duly signed, acknowledged and verified under oath has been filed in the office of the Secretary of State on the 7th day of February, A. D. 1925, for the organization of the SEALY CORPORATION under and in accordance with the provisions of "AN ACT IN RELATION TO CORPORATION FOR PECUNIARY PROFIT" approved June 28, 1919, and in force July 1, 1919, and all acts amendatory thereof, a copy of which statement is hereto attached:

Now therefore, I, LOUIS L. EMMERSON, Secretary of State of the State of Illinois, by virtue of the powers and duties vested in me by law, do hereby certify that the said SEALY CORPORATION is a legally organized Corporation under the laws of this State.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois. Done at the City of Springfield this 7th day of February A. D., 1925, and of the Independence of the United States the one hundred and 49th

Seal of the State of Illinois.  
Aug. 26th, 1918

Louis L. Emmerson, Secretary of State.



[fol. 14E]

(This Statement Must be Filed in Duplicate)

STATE OF ILLINOIS,  
Cook County, ss:

To LOUIS L. EMMERSON, Secretary of State:

We, the undersigned, adult citizens of the United States,  
at least one of whom is a citizen of Illinois.

Name	Number Street	Address	City	State
E. E. Edwards.....		Sugarland, Texas		
Wm. Hertz.....	646 North Michigan Avenue,		Chicago, Ill.	
Thos. H. Cobbs.....	506 Olive St.,		St. Louis, Mo.	

propose to form a corporation under an Act of the General Assembly of the State of Illinois, entitled, "An Act in relation to corporations for pecuniary profit," approved June 28, 1919, in force July 1, 1919; and all Acts amendatory thereof; and, for the purpose of such organization, we hereby state as follows, to-wit:

1. The name of such corporation is SEALY CORPORATION.

2. The object for which it is formed is to acquire, own, hold, use, buy, sell, lease, mortgage and otherwise deal in patents, trademarks, copy rights, trade-names, labels, brands and all rights and interests therein; to license others to use, make, manufacture and sell merchandise under patents, trademarks, copyrights, trade-names, labels and brands; to make, manufacture, buy, sell and deal in beds, bed springs, mattresses, and bedding of all kinds; to make, manufacture, buy, sell and trade in goods, wares and merchandise of all kinds; to acquire, own, make, grant, carry out and operate under licenses, license contracts, and all other rights under patents, tradenames, and brands; to advertise patents, trademarks, copyrights, trade-names, labels and brands; to advertise beds, bed springs, mattresses, bedding and merchandise of all kinds, and to sell and cooperate with others in the selling of merchandise under patents, trade-marks, copyrights, trade-names, labels and brands, and in any and all other ways.

3. The duration of the corporation is perpetual.

4. The location of the principal office is 666 Lake Shore Drive, Furniture Mart Bldg., Chicago, County of Cook, State of Illinois.

5. The total authorized capital stock is 400 shares of common without par value.

6. The amount of each share having a par value is none. [fol. 15E] 7. The number of shares having a par value is none.

8. The number of shares of no par value is 400.

9. The name and address of the subscribers to the capital stock, and the amount subscribed and paid in by each, are as follows:

Name	Number	Street-City State	No. of Shares	Am't. sub	Am't pd. for
E. E. Edwards	...	Sugarland, Texas	398	\$1,990.00	\$1,990.00
Wm. Hertz	...	646 N. Michigan, Chicago, Ill.	1	5.00	5.00
Thos. H. Cobbs	...	506 Olive St., St. Louis, Mo.	1	5.00	5.00
Total	...		400	\$2,000.00	\$2,000.00

11. Amount of capital stock which it is proposed to issue at once:

(a) On shares having no par value,  
400 shares at \$5.00 \$2,000.00

Preferred none  
(b) On shares having a par value of Common none

12. Amount of capital stock actually paid in:

(a) On shares having no par value, \$2,000.00

Preferred none  
(b) On shares having a par value of Common none

13. Amount of capital stock paid in cash is \$2,000.00

14. Capital stock paid in property appraised as follows: None None

15. The location and a general description of such property is as follows: None

16. The management of the corporation shall be vested in three directors.

17. The name and address of the first Board of Directors, at least one of whom is a resident of Illinois, and the respective term for which elected are as follows:

Name	No.	Address St. City	State	Term for which elected
E. E. Edwards.....		Sugarland, Texas		until first annual meeting
Wm. Hertz.....		646 N. Michigan Ave. Chicago, Ill.		until first annual meeting
Thos. H. Cobbs.....		506 Olive St., St. Louis, Mo.		

18. Subject to the conditions and limitations prescribed by "The General Corporation Act" of Illinois, this corporation shall have the following powers, rights and privileges:

To have succession by its corporate name for the period limited in its certificate of incorporation, or any amendment thereof;

To sue and be sued in its corporate name;

To have and use a common seal and alter the same at pleasure;

To have a capital stock of such an amount, and divided into shares with a par value, or without a par value, and to divide such capital stock into such classes, with such [fol. 16E] preferences, rights, values and interests as may be provided in the articles of incorporation, or any amendment thereof;

To acquire, and to own, possess and enjoy so much real and personal property as may be necessary for the transaction of the business of such corporation, and to lease, mortgage, pledge, sell convey or transfer the same; and to acquire and to own real property improved or unimproved, for the purpose of providing homes for its employees or aiding its employees to acquire and own homes and to improve, lease, mortgage, contract to sell, convey the same, and to loan money to its employees for such purpose upon such terms as may be agreed upon;

To own, purchase or otherwise acquire, whether in exchange for the issuance of its own stock, bonds or other obligations or otherwise, and to hold, vote, pledge, or dispose of the stocks, bonds, and other evidences of indebtedness of any corporation, domestic or foreign;

To borrow money at such rate of interest as the corpora-

tion may determine without regard to or restrictions under any usury law of this state and to mortgage or pledge its property, both real and personal, to secure their payment thereof;

To elect officers, appoint agents, define their duties and fix their compensation;

To lease, exchange or sell all of the corporate assets with the consent of two-thirds of all of the outstanding capital stock of the corporation at any annual meeting or at any special meeting called for that purpose;

To make by-laws not inconsistent with the laws of this state for the administration of the business and interests of such corporation;

To conduct business in this State, or other states, the District of Columbia, the territories, possessions, and dependencies of the United States and in foreign countries and to have one or more offices out of this State, and to hold, purchase, mortgage, and convey real and personal property outside of this State necessary and requisite to carry out the object of the corporation;

In time of war to transact any lawful business in aid of the United States in the prosecution of war, to make donations to associations and organizations aiding in war activities and to loan money to the State or federal government for war purposes;

To cease doing business and to surrender its charter;

To have and to exercise all the powers necessary and convenient to carry into effect the purpose for which such corporation is formed.

19. An estimate of the per cent of tangible property of the corporation to be used in Illinois for the following year is 100 per cent.

20. An estimate of the per cent of the business of the corporation which will be transacted at or from places of business in Illinois for the following year is 100 per cent.

21. Give the location of the principal places of business of the corporation for the following year and an estimate of the amount of business which will be transacted through each.

Chicago, Illinois, only.

[fol. 17E]

E. E. Edwards,  
Wm. Hertz,  
Thos. H. Cobbs,  
Incorporators.

STATE OF MISSOURI,  
CITY OF ST. LOUIS, ss:

I, Katherine Eidmann, a Notary Public in and for the City and State aforesaid, do hereby certify that on the 3rd day of February, 1925, personally appeared before me Thos. H. Cobbs, to me personally known to be the same person who executed the foregoing, and acknowledged that he executed the same for the purposes therein set forth, and being duly sworn hereby declared on oath that the foregoing statements made, subscribed and verified by him are true in substance and in fact.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year above written.

[Seal]

My commission expires September 30, 1925.

Katherine Eidmann, Notary Public.

### Oath and Acknowledgment

STATE OF ILLINOIS,  
Cook County, ss:

I, James H. Corey, a Notary Public in and for the county and State aforesaid, do hereby certify that on the 27th day of January A. D., 1925, personally appeared before me \_\_\_\_\_ E. E. Edwards and Wm. Hertz \_\_\_\_\_ to me personally known to be the same persons who executed the foregoing and severally acknowl-



edged that they executed the same for the purposes therein set forth, and being duly sworn hereby declared on oath that the foregoing statements made, subscribed and verified by them are true in substance and in fact.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year above written.

[Seal]

James H. Corey, Notary Public.

STATE OF ILLINOIS,  
County of Cook, ss: No. 8775303

[fol. 18E]

Filed for Record, 1925 Feb. 16 A. M. 9 43, and recorded in  
Book 360 of corp. of Records, Page 161(1)

Joseph F. Haas, Recorder.

## BY-LAWS

### ARTICLE I

#### Stockholders

Section 1. Place of Holding Meetings.—All meetings of the stockholders shall be held at the office of the company in the City of Chicago, in the State of Illinois.

Section 2. Voting.—Only holders of Common Stock shall be entitled to vote at any meeting of stockholders but they may vote either in person or by proxy appointed by instrument in writing subscribed by such stockholder or by his duly authorized attorney. Each stockholder shall be entitled to one vote for each share of Common Stock registered in his name on the books of the company, except that stock held by any stockholders for others who really own same shall not be voted except as directed by the parties for whom it is held; provided, however, that after the first election of directors no stock shall be voted on at any election which shall have been transferred on the books of the company within twenty days next preceding such election.

Section 3. Quorum.—Any number of stockholders together holding at least fifty-one per cent of the Common Stock issued and outstanding, who shall be present in person, or represented by proxy, at any meeting duly called, shall constitute a quorum for the transaction of business.

Section 4. Adjournment of Meetings.—If less than a quorum shall be in attendance at the time for which the meeting shall have been called, the meeting may, after the lapse of at least half an hour, be adjourned from time to time by a majority vote of the stockholders present or represented and entitled to vote, for a period not exceeding one month at any one time, without any notice other than

by announcement at the meeting, until a quorum shall attend. Any meeting at which a quorum is present may also be adjourned, in like manner, for such time, or upon such call as may be determined by vote. At any adjourned meeting at which a quorum shall attend any business may be transacted which might have been transacted if the meeting had been held as originally called.

**Section 5. Annual Election of Directors.**—The annual meeting of the holders of Common Stock for the election [fol. 19E] of directors and the transaction of other business shall be held during the month of January of each year, at such time and place as may be determined by the Executive Committee at the regular meeting of that Committee next before said annual meeting. At each annual meeting the holders of Common Stock shall elect the members of the Board of Directors, and they may transact such other corporate business as shall be stated in the notice of the meeting.

**Section 6. Special Meetings: How Called.**—Special meetings of the stockholders for any purpose or purposes may be called by the President, and shall be called upon a requisition in writing therefor, stating the purpose or purposes thereof, delivered to the President or Secretary, signed by a majority of the directors or by fifty-one percent in interest of the stockholders, or by resolution of the directors.

**Section 7. Manner of Voting at Stockholders' Meetings.**—At all meetings of stockholders all questions, except as otherwise expressly provided by statute or by these by-laws, shall be determined by a majority vote of the Common Stockholders present in person or represented by proxy; provided, however, that any qualified voter may demand a stock vote, and in that case, such stock vote shall immediately be taken. Except as otherwise expressly provided by statute or by these by-laws, all voting shall be viva voce, except that a stock vote shall be by ballot, each of which shall state the name of the stockholders voting and the number of shares owned and voted by him, and if such ballot be cast by proxy, it shall also state the name of such proxy.

**Section 8. Notice of Stockholders' Meetings.**—Written notice, stating the place and time of the meeting, and the

general nature of the business to be considered, shall be given to each Common Stockholder at his last known post-office address, at least fifteen (15) days before the meeting in the case of an annual meeting, and fifteen (15) days before the meeting in the case of any special meeting.

No business other than that stated in the notice shall be transacted at any meeting without the consent of a majority of all of the Common Stockholders or Stockholders holding a majority of the outstanding Common Stock.

## ARTICLE II

### Directors

**Section 1. First or Annual Meeting.**—The newly-elected directors may, without notice, hold their first or annual meeting for the purpose of organization and the transaction of business, if a quorum be present, immediately after the annual meeting of the stockholders; or the time and place of such meeting may be fixed by consent in writing of the directors; or said meeting may be held on call and notice, the same as a special meeting.

**Section 2. Election of Officers.**—At such meeting the directors shall elect a president and a vice-president from [folio 20E], their number, and a treasurer and a secretary, who need not be directors. Such officers shall hold office until the next annual election of officers and until their successors are elected and qualify. In case such officers shall not be elected at such first meeting, they may be chosen at any subsequent meeting of directors called for the purpose.

**Section 3. Regular Meetings.**—Regular meetings of the directors may be held on fifteen days notice at such places and times as shall be determined from time to time by resolution of the directors.

**Section 4. Special Meetings; How Called; Notice.**—Special meetings of the Board may be called by the President, or by the secretary on the written request of any five directors, on fifteen days' notice to each director.

**Section 5. Number and Quorum.**—The number of directors shall be determined by the Charter and amendments thereto. A majority of the directors elected and serving

at the time shall constitute a quorum for the transaction of business. Directors need not be stockholders.

Section 6. Place of Meeting.—The directors may hold their meetings outside of the State of Illinois, a such place or places as they may from time to time by resolution determine.

Section 7. General Powers of Directors.—The Board of Directors shall have the management of the business of the company, and, subject to the restrictions imposed by law, by the Certificate of Incorporation, or by these By-Laws, may exercise all the powers of the corporation, and may delegate that authority to an executive committee.

Section 8. Compensation of Directors.—Directors shall not receive any stated salary for their services as directors, but by resolution of the Board a fixed fee and expenses of attendance may be allowed for attendance at each meeting. Nothing herein contained shall be construed to preclude any director from serving the company in any other capacity as an officer, agent or otherwise, and receiving compensation therefor.

### ARTICLE III

#### Executive Committee

Section 1. How Appointed.—The directors may appoint from their number an executive committee consisting of seven (7) members. The executive committee may make its own rules of procedure and shall meet where and as provided by such rules, or by a resolution of the directors. A Majority shall constitute a quorum, and in every case the affirmative vote of the majority of the members of the committee present shall be necessary to the adoption of any resolution.

Section 2. Powers.—During the intervals between the [fol. 21E] meetings of the directors, the executive committee shall have and may exercise all the powers of the directors in the management of the business and affairs of the company, including power to authorize the seal of the company to be affixed to all papers which may require it, in such manner as such committee shall deem best for the interests of the company, in all cases in which specific directions shall not have been given by the directors.



## ARTICLE IV

## Officers

Section 1. The officers of the company, in addition to the directors, shall be a President, a Vice-President, a Secretary and a Treasurer, and such others as the Board of Directors may from time to time create and appoint. One person may hold the offices of Secretary and Treasurer, or Vice-President and Secretary, or Vice-President and Treasurer.

Section 2. President.—The President shall, when present, preside at all meetings of the directors, and act as temporary chairman at, and call to order all meetings of the stockholders; and he shall have power to call special meetings of the stockholders and directors for any purpose or purposes, appoint and discharge, subject to the approval of the Executive Committee, employes and agents of the company and fix their compensation, make and sign such contracts and agreements in the name and behalf of the company as have been approved by the Executive Committee, and while the directors and the Executive Committee are not in session he shall have general management and control of the business and affairs of the company; he shall see that the books, reports, statements and certificates required by the statute under which this company is organized or any other laws applicable thereto are properly kept, made and filed according to law; and he shall generally do and perform all acts incident to the office of President, or which are authorized or required by law.

Section 3. Vice-President.—The Vice President shall be vested with all the powers and shall perform all the duties of the President in the absence or disability of the latter, unless or until the directors shall otherwise determine. He shall have such other powers and perform such other duties as shall be prescribed by the directors, or the Executive Committee.

Section 4. Secretary.—The secretary shall give, or cause to be given, notice of all meetings of stockholders and directors, and all other notices required by law, or by these By-Laws, and in case of his absence or refusal or neglect so to do, any such notice may be given by any person there-

unto directed by the President, or by the directors or stockholders upon whose requisition the meeting is called as provided in these By-Laws. He shall record all the proceedings of the meetings of the corporation and of the directors in a book to be kept for that purpose, and shall perform such other duties as may be assigned to him by the directors or the President. He shall have the custody of the seal of the company and shall affix the same to all instruments requiring it, when authorized by the directors, the Executive Committee, or the President, and [fol. 22E] attest the same.

Section 5. Treasurer.—The Treasurer shall have the custody of all funds, securities, evidences of indebtedness and other valuable documents of the company; he shall receive and give or cause to be given receipts and acquittances for moneys paid in on account of the company and shall pay out of the funds on hand all just debts of the company of whatever nature upon maturity of the same; he shall enter or cause to be entered in the books of the company to be kept for that purpose, full and accurate accounts of all moneys received and paid out on account of the company, and, whenever required by the President, the Executive Committee, or the directors, he shall render a statement of his cash accounts; he shall keep or cause to be kept such other books as will show a true record of the expenses, losses, gains, assets and liabilities of the company; he shall, unless otherwise determined by the directors or the Executive Committee, have charge of the original stock books, transfer books and stock ledgers and act as transfer agent in respect of the stock and securities of the company; and he shall perform all of the other duties incident to the office of Treasurer. He shall give the company a bond for the faithful discharge of his duties in such amount and with such surety as the Board of Directors or Executive Committee shall prescribe.

## ARTICLE V

### Resignations: Filling of Vacancies

Section 1. Resignations.—Any director, member of a committee or other officer may resign at any time. Such resignation shall be made in writing, and shall take effect

at the time specified therein, and if no time be specified, at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective.

**Section 2. Filling Vacancies.**—If the office of any director; member of a committee or other officer becomes vacant, the directors, or members of the Executive Committee, remaining in office, although less than a quorum, may appoint any qualified person to fill such vacancy, who shall hold office for the unexpired term and until his successor shall be duly chosen.

## ARTICLE VI

### Capital Stock

**Section 1. Issue of Certificates of Stock.**—The President shall cause to be issued to each stockholder one or more certificates, under the seal of the corporation, signed by the President or Vice-President, and the Treasurer or Secretary certifying the number of shares owned by him in the company.

**Section 2. Transfer of Shares.**—The shares of stock of the company shall be transferable only upon its books by the holders thereof in person or by their duly authorized attorneys or legal representatives, and upon such transfer [fol. 23E] the old certificates shall be surrendered to the company by the delivery thereof to the person in charge of the stock and transfer books and ledgers, or to such other person as the directors or executive committee may designate, by whom they shall be cancelled, and new certificates shall thereupon be issued. A record shall be made of each transfer.

**Section 3. Lien for Debts of Holder.**—This company shall and does reserve to itself, upon all stock issued to, or held by a stockholder, a lien as security for the payment of any debts due or to become due to this company from said stockholder or from the party or parties or corporation for whom the stockholder holds said stock, and all stock is issued and shall be held subject to this lien which shall have preference over all other liens, and no transfer of any stock, either by action of the party or of law, shall be effectual to defeat this lien in favor of the company and

no transfer of stock shall be made or allowed on the books of the company until all debts due from the holder and the owner of the stock are paid.

**Section 4. Pledge or sale of Common Stock.**—Each holder of common stock in this company, for himself, and for his heirs and assigns, shall agree, and by accepting a certificate of a common stock in this company, does agree with the company, with the executive committee and with each and every other stockholder in the company, that he will never pledge, encumber or assign any of the common stock of this company, or any interest therein under any circumstances whatsoever, and that no pledgee or assignee of said stock shall acquire any interest therein in any manner whatsoever, and does further agree not to sell, assign, dispose of or transfer any of the common stock of this company except in the following manner, and upon the following conditions:—

If a stockholder desires to sell any of his common stock in the company, he shall first give six months written notice, to each member of the Executive Committee then in office, of his desire to sell and of the price at which he is willing to sell said stock, which selling price shall not exceed \$1125.00 per share nor be less than \$375.00 per share, and in which said notice he shall give to the executive committee the right and privilege of purchasing said stock at said price at any time within said six months from the date of mailing said notice. If during said six months, the Executive Committee shall decide to purchase said stock at the price named, or if the Executive Committee and the owner of said stock can agree upon a different price, then said stock shall be sold, delivered and transferred to the Executive Committee as trustee for all other stockholders. If the Executive Committee shall express to said stockholder a desire to purchase said stock, but cannot agree with said stockholder upon the price to be paid for same, then the price and value of said stock shall be determined, between the said minimum and maximum prices, by arbitration. For said arbitration, each party shall, within said six months, appoint one arbitrator, and these two arbitrators shall select a third arbitrator. These three arbitrators shall determine the price and value of said stock, and the decision of any two of said arbitrators



as to the price and value of said stock shall be binding upon the said stockholder and the Executive Committee, and the sale shall be closed on the basis of the price or [fol. 24E] value thus fixed. If after the expiration of said six months the Executive Committee has refused to purchase said stock, at the price named in said notice, and no steps have been taken to determine the price at which said stock shall be purchased by the Executive Committee, then and in that event only shall the stockholder be at liberty to sell, assign, dispose of or transfer any of the common stock of this company to any one whomsoever. No common stock shall be transferred on the books of the company until the above provisions have been fully complied with.

The Executive Committee may, however, give permission by proper action to pledge, sell, assign or transfer any of the common stock without compliance with the above provisions.

Section 5. Dividends.—The directors may declare dividends from the surplus or net profits arising from the business of the corporation as and when they deem expedient. Before declaring any dividend there may be reserved out of the accumulated profits such sum or sums as the directors from time to time in their discretion think proper for working capital or as a reserve fund to meet contingencies or for equalizing dividends, or for such other purposes as the directors shall think conducive to the interests of the company. The directors may close the transfer books for not exceeding thirty (30) days next preceding the day appointed for the payment of any dividend.

## ARTICLE VII

### Miscellaneous Provisions

Section 1. Fiscal Year.—The fiscal year of the company shall be the calendar year.

Section 2. Notice and Waiver of Notice.—Whenever any notice is required by these By-Laws to be given, personal notice not meant unless expressly so stated; and any notice so required shall be deemed to be sufficient if given by registered mail, addressed to the person entitled thereto at his last known postoffice address, and such notice shall



be deemed to have been given on the day of such mailing. Any notice required to be given under these By-Laws may be waived by the person entitled thereto.

## ARTICLE VIII

### Amendments

Section 1.. Amendment of By-Laws.—The stockholders, by the affirmative vote of the holders of a majority of the stock issued and outstanding, or the directors, by the affirmative vote of a majority of the directors elected and acting, may at any meeting, provided the substance of the proposed amendment shall have been stated in the notice of the meeting, amend or alter any of these By-Laws. If any amendment shall be proposed in writing and signed by any two directors, the same shall be included in the notice of the next meeting of directors or stockholders as the case may be. A copy of such amended By-Laws shall [fol. 25E] be sent to each stockholder within ten days after the adoption of the same.

Mr. Cobbs then presented the form of certificate for common stock and on motion duly made and seconded the same was unanimously approved and he was authorized and directed to have certificate printed and prepared for issuance.

On motion duly made and seconded it was unanimously voted to increase the number of directors of the corporation from three to thirty and to amend Article 16 of the statement for the organization of the corporation to read as follows:—

“16. The management of the corporation shall be vested in thirty directors.”

The officers of the corporation were authorized and directed to file the necessary affidavits and statements for making this change in the number of directors.

Mr. Edwards announced that in order to incorporate under the laws of Illinois, it was necessary for three incorporators to sign the statement and subscribe for the stock and be named as directors; that he, Mr. Hertz and Mr. Cobbs had signed the statement and secured the charter;

that in doing so he subscribed for 298 shares of the common capital stock, doing this in accordance with the contract with various licensed factories; that in order to carry out that contract he had authorized the issuance of one share of stock, from the stock subscribed for by him, to a representative of each licensed factory as they were interested in the organization of the corporation and entitled to a share of stock and to participate in the management and benefits of the company.

On motion duly made and seconded it was unanimously voted, therefore, to issue from the stock subscribed for by Mr. Edwards, one share to each of the following named gentlemen:—

Mr. J. R. Haas, Memphis, Tennessee.  
 Mr. L. C. Haas, Kansas City, Missouri.  
 Mr E. C. Haas, Atlanta, Georgia.  
 Mr. Fred Goodman, New Orleans, La.  
 Mr. Geo. D. Thornton, Indianapolis, Ind.  
 Mr. G. W. Jacoby, St. Louis, Mo.  
 Mr. H. M. Wolfe, Chicago, Illinois.  
 Mr. H. E. Wolfe, Pittsburgh, Pa.  
 Mr. J. W. Bowersox, Los Angeles, Calif.  
 Mr. A. W. Carlson, San Francisco, Calif.  
 Mr A. C. Wilcken, St. Paul, Minn.  
 Mr. Frank Wuliger, Cleveland, Ohio.  
 Mr. C. T. Sigmon, Oklahoma City, Okla.  
 Mr. A. J. Ortmeyer, Little Rock, Arkansas.  
 Mr. M. Stein, Denver, Colorado.  
 Mr. Chas. V. Worthington, Salt Lake City, Utah.  
 Mr. H. F. Bonesteele, Tigard, Oregon.  
 Mr. J. P. Chapman, Detroit, Mich.  
 Mr. J. C. Egan, Buffalo, N. Y.

[fol. 26E] On motion duly made and seconded, it was also unanimously voted to elect each of the above nineteen gentlemen as a member of the board of directors, who together with the three already elected, should constitute the board of directors until others were elected.

The chairman then announced that the election of officers for the following year was in order. And on motion duly made and seconded, the following officers were unanimously elected as officers for the ensuing year:

Mr. E. E. Edwards, as President,  
 Mr. J. R. Haas, as Vice-President,  
 Mr. G. D. Thornton, as Treasurer,  
 Mr. H. E. Wolf, as Secretary.

On motion duly made and seconded, the offices of General Manager, Business Counsel and Assistant Treasurer were created, and Mr. Wm. Hertz was unanimously elected as General Manager, Business Counsel and Assistant Treasurer for the corporation for the ensuing year.

On motion duly made and seconded the offices of Legal Counsel and Assistant Secretary were created and Mr. Thos. M. Cobbs was unanimously elected as Legal Counsel and Assistant Secretary for the corporation for the ensuing year.

The chairman announced the election of members of the Executive Committee to be in order and on motion duly made and seconded the following were unanimously elected as members of the Executive Committee for the ensuing year:—

Mr. E. E. Edwards, Sugar Land, Texas, President,  
 Mr. J. H. Haas, Memphis, Tenn., Vice-President,  
 Mr. Geo. D. Thornton, Indianapolis, Ind., Treasurer,  
 Mr. H. E. Wolf, Pittsburgh, Pa., Secretary,  
 Mr. J. W. Bowersox, Los Angeles, Calif., Member,  
 Mr. A. C. Wilcken, St. Paul, Minn., Member,  
 Mr. J. P. Chapman, Detroit, Mich., Member.

Mr. Edwards reported that the contract for the organization of this corporation had been signed by twenty licensed factories and that more were considering the proposition.

Mr. Edwards also reported that he had elected to exercise his option to purchase the patents, trademarks, trade names, license contracts and other assets of the Sealy

Mattress Company from the Sugar Land Industries for \$150,000.00 and had directed the transfer of said assets to the Corporation, and that the Sugar Land Industries had agreed to accept six (6) promissory notes of this corporation for \$25,000.00 each, bearing interest at the rate of 6% per annum, payable in one, two, three, four, five and six years from January 1st, 1925, and secured by pledge of the Bill of Sale for said assets and rights and by an assignment of all of said assets and rights as collateral to said notes.

On motion duly made and seconded the President was unanimously authorized and directed to consummate the purchase of said patents, trademarks, tradenames, good [fol. 27E] will, license contracts and other assets from Sugar Land Industries, taking over the same as of January 1st, 1925, and adjusting royalties to that date, and to execute and deliver, for the purchase of said assets, six promissory notes for \$25,000.00 each, bearing interest at 6% per annum, payable in one, two, three, four, five and six years, from January 1st, 1925, and to secure said notes by pledging the Bill of Sale for said assets and assigning all of said assets to Sugar Land Industries as collateral security for the payment of each and all of said notes.

On motion duly made and seconded, it was ordered that copies of the Option Contract, the Contract for the Organization of the Company, the Bill of Sale to be given to this company, and the Assignment of same as collateral and one Collateral Promissory Note were entered on the records of this meeting as follows:

#### OPTION CONTRACT

THIS AGREEMENT MADE and enter into this — day of —, 1923, by and between the Sugar Land Industries, a trust estate which conducts its mattress department under the name of Sealy Mattress Company, and which is composed of and managed by I. H. Kempner, D. W. Kempner, W. T. Eldridge, Jr., and G. D. Ulrich, trustees, acting under a declaration of trust dated January 1st, 1919, a copy of which, for the information of all concerned, is deposited with the Texas Bank & Trust Company of Galveston, Texas, hereinafter called First Party and E. E.

Edwards, of Sugar Land, Texas, hereinafter called Second Party, Witnesseth:—

Whereas, the First Party is the Owner of the trade name of "Sealy Mattress Company," and various patents, trademarks, copyrights, trade names, and good will connected with the business conducted by the First Party under the name of Sealy Mattress Company, and including trademarks, registered July 6, 1885, and March 29, 1892, numbered respectively 11,850 and 20,913, together with other such names, marks and rights, and

Whereas, the First Party has made and entered into various and numerous license contracts with the manufacturers of mattresses in different parts of United States, giving to said manufacturers the license and right to manufacture and sell mattresses under said trade names and trademarks, and binding said manufacturers to pay certain royalties on all mattresses manufactured and sold under said license contracts, and

Whereas, the First Party is desirous of selling to the Second Party, and the Second Party is desirous of buying from the First Party, all of said property, assets, rights and license contracts of the First Party connected with its business done under the name of Sealy Mattress Company, and all of the property, assets and rights of said department of business, excepting the machinery, equipment, supplies and materials used in connection with the mattress manufacturing plants of the First Party and the cash, accounts and bills receivable of said business, belonging to the First Party.

[fol. 28E] Now, Therefore, in consideration of the premises, and of the sum of \$———, paid by the Second Party to the First Party, the receipt of which is hereby acknowledged, and in consideration of the mutual covenants herein, it is agreed by and between the parties hereto as follows, to wit:—

First: The First Party has given, and does hereby give and grant to the Second Party, and to his assigns, the right and option to purchase the trade name of Sealy Mattress Company, and all of the patents, trademarks, copyrights, trade names, good will and assets, rights and benefits, belonging to, or connected with the mattress



department of the First Party, excepting only the machinery, equipment, supplies, and materials, cash and accounts receivable and bills receivable belonging to said department, but including all other assets and rights belonging to, or connected with said department, and including all license contracts and royalties and rights thereunder, made between the First Party and the mattress manufacturers throughout the United States, and also including the exclusive right to use the name or names and advertising designs and matter used by First Party in connection with its mattress department, at any time on or before one year after this date, at and for the sum of \$150,000.00, to be paid in cash, or in approved notes, and securities, on or before the expiration of said one year.

Second: In case the Second Party shall elect to purchase said assets and rights under and in accordance with this contract, then the First Party agrees and binds itself as follows:—

(a) To sell, assign and transfer to Second Party or on his order, by proper instruments in writing, all of the said assets and rights and the right to use the name or names and advertising designs and matters used by the First Party in connection with its mattress department.

(b) To warrant and defend the title to said assets and rights.

(c) Not to engage in the mattress business, either directly or indirectly in any part of the United States for a period of ten (10) years, and not to permit any other person, persons, association or corporation to engage in the mattress business in Sugar Land, Texas, for a period of ten (10) years after the consummation of the sale of said property.

(d) To warrant and defend the title to the assets so sold and to execute any and all other papers and documents which may be needful in the transfer of said assets and rights including the assignment of all of said license contracts.

IN WITNESS WHEREOF the parties hereto, have hereunto and unto a duplicate copy hereof, set their hands and seals, this — day of ———, 1923.

[fol. 29E] Sugar Land Industries, By —, —, First Party. By —, —, Second Party.

CONTRACT ON ORGANIZATION OF SEALY MATTRESS CORPORATION

THIS CONTRACT MADE AND ENTERED INTO THIS — day of —, 1924, by, between and among E. E. EDWARDS of Sugar Land, Texas, hereinafter called First Party, and —, a corporation, organized under the laws of —, hereinafter called Second Party, and — hereinafter called Third Party,

Witnesseth:

Whereas, The Sealy Mattress Company, the mattress department of The Sugar Land Industries, a trust estate, has heretofore given to the Second Party, a license contract for the manufacture and sale of mattresses under the patents, trademarks and tradename of Sealy Mattress Company, and

Whereas, the Second Party is now operating under said license contract and is desirous to continue to operate under same, and

Whereas, First Party has an option from the said Sugar Land Industries for the purchase of the patents, trademarks, copyrights, trade-names, good will and other assets, rights and benefits of the Sealy Mattress Company, including the said license contract to Second Party and to other mattress manufacturers, at and for the sum of \$150,000.00 at anytime on or before August 1, 1924, and

Whereas, First Party and his associates have for a period of approximately seven (7) years been working on the plans for the organization of The Sealy Mattress Corporation, or some other corporation to take over the said patents, trademarks, trade-names, copyrights, good will, assets and license contracts, so that the same could be advertised and used for the benefit of all those manufacturers who hold license contracts, for the manufacture and sale of Sealy mattresses, and

Whereas, the Third Parties are stockholders and officers in the Second Party, and are interested in the continuation of said license contract to Second Party, and in the organization of the Sealy Mattress Corporation.

Now Therefore, in consideration of the premises and of the mutual covenants herein, it is agreed by, between and among the parties hereto, as follows, to-wit:

[fol. 30E] First: Second Party and Third Parties agree that, if First Party, or a corporation organized by him shall purchase said patent, trade-marks, copyrights, assets and license contracts, from the Sugar Land Industries, under and in accordance with said option, or any renewal or extension thereof, then and in that event, they will, and do hereby consent to the assignment of said license contract with The Sugar Land Industries held by Second Party, and do hereby agree to extend and comply with said license contract for a period of six (6) years from and after January 1st, 1925, without the privilege of changing or cancelling any of the terms and provisions of said contract.

Second: First Party agrees to use his best efforts to organize a corporation to be known as the Sealy Mattress Corporation, or some other suitable name, with resources sufficient to purchase and acquire the property covered by said option contract in accordance therewith, and further agrees to accept for his services in working out the plans for said organization, and promoting the same, one-fourth ( $\frac{1}{4}$ ) of the common capital stock of said Company for himself and his associates, and further agrees to distribute the other three-fourths ( $\frac{3}{4}$ ) of the common capital stock of said Company for the benefit of those who sign this contract and like contracts, as hereinafter provided.

Third: It is mutually agreed and understood that the said Sealy Mattress Corporation, when organized, may issue and sell preferred stock in an amount sufficient to raise the funds necessary to purchase said assets under said option, and for operating capital, or it may execute and deliver such promissory notes as may be necessary for the purchase of said assets under said option, or any extension thereof, and may pledge said assets as security for the payment of said notes.

It is also understood and agreed that the corporation to be formed as aforesaid will alone be responsible for the payment of said notes, and that neither First Party, Second Party nor Third Party shall be obligated for same. The obligations of the parties hereto shall be limited to the provisions of this contract.

Fourth: It is further mutually agreed that one share of the common stock of said corporation, when organized, shall be issued to First Party, one share to Thos. H. Cobbs, his attorney, and one share to each licensee who shall execute a contract like this one. If said licensee is not lawfully qualified to receive and hold said stock, then same shall be issued to some individual officer of said licensee designated by said licensee. The remainder of the said common capital stock shall be placed in escrow with the Texas Bank & Trust Company of Galveston, Texas, or some other suitable institution, to be held by it as security for the payment of the balance of the purchase price of said assets under said option, and to insure the performance of this contract. In case contracts like this one shall be executed after said stock has been placed in escrow, then one share for each such contract shall be released from escrow, and issued and delivered to the licensee or the individual officer of licensee designated by the licensee signing said contract.

As soon as all of the purchase price for said assets has been paid and liquidated, then the said common capital [fol. 31E] stock shall be released from escrow and distributed as follows:

One-fourth of said stock shall be issued and delivered to First Party, and his associates, as he may direct.

Three-fourths of said stock shall be distributed among the parties who have signed contracts like this one, on a pro-rata basis in accordance with the total royalties actually paid by said licensees on said royalty contracts between the first day of January, 1925, and the date on which said distribution is made. If said licensees, being corporations, are not competent to receive said stock, then the part of stock to be issued to said licensees may be issued to such officer or officers of said licensees as said licensees may designate.

Fifth: It is further agreed and understood by and between the parties hereto that in so far as they can lawfully control it, First Party shall be elected as President of the said corporation to be formed, and shall be re-elected to such office until such time as the full indebtedness for the purchase price of said asset has been liquidated, and Sec-



ond Party and Third Party agree and bind themselves to vote for the election of First Party as President of said corporation until all of said indebtedness has been liquidated. As President, First Party shall have general management and control of said business of said corporation, and shall receive compensation on some fair basis, to be fixed by the Board of Directors of said corporation.

Sixth: It is further mutually agreed that this contract shall not become binding and effective until at least twenty (20) similar contracts have been entered into between the First Party and Sealy Licensed factories.

IN WITNESS WHEREOF, the Parties hereto have executed this, and a duplicate copy hereof, this day and year first above written.

\_\_\_\_\_, \_\_\_\_\_, First Party. \_\_\_\_\_, \_\_\_\_\_, Second Party.  
\_\_\_\_\_, \_\_\_\_\_, Third Parties.

[fol. 32E] BILL OF SALE OR ASSIGNMENT COVERING  
PATENTS, TRADE-MARKS, ETC.

Whereas, the undersigned, the Sugar Land Industries, a trust estate which has heretofore conducted its mattress and bedding department under the name of Sealy Mattress Company, and which is composed of and managed by I. H. Kempner, W. D. Kempner, W. T. Eldridge, Jr., and G. D. Ulrich, as Trustees, acting under a declaration of trust dated January 1, 1919, and deposited with the Texas Bank & Trust Company of Galveston, Texas, did heretofore give to E. E. Edwards, of Sugar Land, Texas, an option contract to purchase the trade name of the Sealy Mattress Company and patents, trade-marks, copyrights, trade-names and the good-will and other assets connected with business of the Sealy Mattress Company, which said option contract is hereby referred to and made a part of this Bill of Sale, and

Whereas, the said E. E. Edwards has decided to exercise said option and to purchase said assets, and

Whereas, the said E. E. Edwards and others have organized a corporation under the laws of the State of Illinois, known as the Sealy Corporation, and



Whereas, the said E. E. Edwards has authorized and directed the undersigned to transfer, assign, convey and deliver the said property, assets and rights to the Said Sealy Corporation.

Now Therefore, in consideration of the premises, and in consideration of the sum of one hundred and fifty thousand (\$150,000.00) Dollars to us paid, the receipt of which is hereby acknowledged, we hereby sell, assign, transfer and deliver to the Sealy Corporation,

1st. The trade names of "Sealy Mattress Company" and the exclusive right to use it and all parts of it in any and all forms.

2nd. All of the patents, trade-marks, copyrights, trade-names, labels, good-will, assets, rights and benefits belonging to us or to the Sealy Mattress Company, and formerly used in connection with our Mattress or Bedding Department, excepting only the machinery, equipment, supplies and materials, cash and accounts receivable and bills receivable belonging to said Department, but especially including the trademarks registered July 6, 1885, and March 29, 1892, numbered respectively 11,850 and 20,913, together with all other patents, trademarks, copyrights, tradenames, labels and rights belonging to or used in connection with said business.

3rd. Also all of the license contracts made by the undersigned with various mattress manufacturers in various parts of the United States, and all royalties and rights under said contracts from January 1, 1925.

4th. Also the exclusive right to the use of the said name or names, and rights to the use of the advertising designs and advertising matter used by us heretofore in connection with said Mattress Department.

We further warrant and agree to defend the title to [fol. 33E] each and all of said assets and rights and also agree to execute any and all papers, assignments and other documents which may be needful to completely transfer and assign any and all of said assets, rights and contracts to the Sealy Corporation, its successors or assigns.

And we further agree not to engage in the mattress or bedding business either directly or indirectly in any part of the United States for a period of ten (10) years from

this date, and not to permit any other person or persons, association or corporation to engage in the mattress business or bedding business in Sugar Land, Texas, for a period of ten (10) years from this date, without the written consent of the said E. E. Edwards and the said Sealy Corporation, its successors or assigns.

No attempt will be made to assign any of the assets, franchises, goodwill, rights and benefits assigned and transferred by said bill of sale to the Sealy Corporation until the notes herein recited have been fully paid and liquidated.

This bill of sale is made as of January 1, 1925 and is executed in duplicate.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this the 30th day of March, 1925.

Sugar Land Industries, By I. H. Kempner, D. W. Kempner, W. T. Eldridge Jr., E. D. Ulrich, Trustees.

STATE OF TEXAS,  
County of, ss:

Before me, a notary public, within and for the county and state aforesaid, personally appeared I. H. Kempner, D. W. Kempner, W. T. Eldridge, Jr., and G. D. Ulrich, to me known to be persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they had executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 30th day of March, A. D. 1925.

My commission expires on the 1st day of June, 1925.

L. H. Dunn, Notary Public.

[Seal]

[fol. 34E] ASSIGNMENT AND TRANSFER OF BILL OF SALE  
AND ASSETS AS COLLATERAL

Whereas, the above mentioned Sugar Land Industries has accepted six collateral promissory notes executed by the Sealy Corporation, for the sum of twenty-five thousand

dollars (\$25,000.00) each, payable January 1st, 1926, 1927, 1928, 1929, 1930, and 1931, respectively, with interest at the rate of 6% per annum from January 1st 1925, as the purchase price of the property, assets and rights assigned and transferred, to the Sealy Corporation, in and by the above and foregoing bill of sale, and

Whereas, the Sealy Corporation is desirous of securing to the Sugar Land Industries the payment of each and all of said notes and has authorized its President to execute said notes and this assignment.

Now Therefore, in consideration of the premises and of other good and valuable considerations, the receipt of which is hereby acknowledged, and as collateral security for the payment of each and all of the notes above mentioned, the Sealy Corporation has and does hereby sell, assign, transfer and deliver to the Sugar Land Industries the above and foregoing Bill of Sale and all of the property, assets, franchises, goodwill, rights and benefits assigned and transferred by said bill of sale to the Sealy Corporation. This assignment is made as collateral security for said notes, and is to be held with said notes, and in accordance with the provisions of said notes.

Executed in duplicate this 30th day of March, 1925.

Sealy Corporation, By —, —, President.

THE STATE OF TEXAS,

County of Fort Bend, ss:

Before me, the undersigned authority, on this day personally appeared E. E. Edwards, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal of office this — day of March, A. D. 1925.

—, —, Notary Public in and for Fort Bend County, Texas.

[fol. 35E]

Chicago, Ill.

\$25,000.00

March 30th, 1925.

On or before January 1st, 1926, ('27, '28, '29, '30, '31) after date we promise to pay to the order of Sugar Land Industries Twenty-Five Thousand (\$25,000.00) Dollars, for value received, negotiable and payable at our office in Chicago, Illinois, with interest from January 1st, 1925, at the rate of six per cent per annum, we having deposited or pledged with Sugar Land Industries as collateral security for the payment of this note the Bill of Sale dated January 2nd, 1925, given by Sugar Land Industries to us, and also all of the property, assets, and rights transferred to us by said Bill of Sale including the patents, trademarks, copyrights, trade names, good will, royalty contracts, and other assets and rights formerly owned by Sugar Land Industries and connected with its mattress department.

Now, in the event of the non-payment of this note at maturity, the holder hereof is hereby invested with full authority to use, transfer, hypothecate, sell or convey the said collaterals, or any collaterals substituted for or added to the above, or any part thereof, or to cause the same to be done at public or private sale, with or without notice or demand of any sort, at such place and on such terms as the said holder hereof may deem best, and the holder of this note is authorized to purchase said collaterals when sold for his own protection; and the proceeds of such sale, transfer or hypothecation, shall be applied to the payment of this note, together with all protests, damages, interest costs and charges due upon the note, or incurred by reason of its non-payment when due, or in the execution of this power. The surplus, if any, after payment of this note, together with all charges above stated, shall be paid to the drawer of this note, or at the election of the holder hereof, to be paid on any other obligation of the drawer hereof, whether as principal debtor or otherwise, held by the holder hereof, and if the proceeds of the above sale shall not be sufficient to pay this note, the drawer hereof agrees to make good any deficit.

Sealy Corporation, By —, —, President.

On motion duly made and seconded, it was unanimously voted to request all stockholders to endorse their stock certificate and return them so that they could be deposited with Sugar Land Industries or with some bank or trust company satisfactory to them as additional security for the promissory notes given by this Corporation for the assets of the Sealy Mattress Company. Mr. Coobs was authorized to prepare all papers necessary to carry out the actions of the Board of Directors at this meeting.

On motion duly made and seconded, the officers were authorized to take over and assume the lease of Sugar Land Industries on the floor space in the Furniture Mart Building, Chicago, Illinois, and to purchase the furniture and equipment in said space at cost, and to use same as the office of the Company and the General Manager was authorized and directed as soon as details for the purchase of assets could be closed, to open the Chicago office of this Corporation in said space.

[fol. 36E] On motion duly made and seconded, it was declared to be the sense of the Board of Directors that no supplies be purchased from Sugar Land Industries except these in the office at Chicago, as they felt that such supplies should be turned over as a part of the assets purchased under the option contract.

Some discussion arose as to the advertising which has been done, and on motion of Mr. Haas, seconded by Mr. Thornton, it was unanimously voted that in the opinion of the Board of Directors and the Executive Committee that advertising done had been of a national scope and that the Company was not obligated to go beyond the contract in that particular.

The question was then raised as to the account of Hertz-Hadley Company for advertising and Mr. Hertz stated that Mr. Edwards had just shown him a letter in which the Sugar Land Industries had agreed to pay the account up to January 1st, 1925.

The question as to the amount of maturing obligations and expenses incurred for this year and the amount of royalties in prospect for the same period was considered and discussed. Mr. Edwards expressed the opinion that the stimulus which would be gotten out of a going corporation would increase the royalties and probably double them



for this year, and suggested that the royalties would be checked more closely and that with these increases and the prospective royalties on springs, box springs and beds, the company should pay all of its expenses and retire the notes to be given for the purchases of the assets from the Sugar Land Industries. It was the sentiment of the Board and Executive Committee that the expenses should be held down to the minimum and the business pushed as rapidly as possible.

Mr. Hertz stated that as soon as the purchase of the assets was completed, all factories would be asked to send in their money to take care of advertising and other expenses.

Mr. Hertz also stated that the Saturday Evening Post ad should appear in April.

The question of card board containers for Sealy mattresses was discussed and Mr. Hertz recommended that a quality product like Sealy tuftless mattresses should be packed flat. Quotations for cartons were submitted and it was decided to send samples to each factory.

On motion duly made and seconded, it was decided to open the Chicago office at once, to deposit all funds with Lake Shore Trust & Savings Bank and to authorize the Assistant Treasurer to check on same.

There being no further business the meeting adjourned subject to call under the By-Laws.

Attest:

(Signed) E. E. Edwards, President.

(Signed) H. E. Wolf, Secretary.

[fol. 37E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 3

SEALY CORPORATION

Minutes of Executive Committee Meeting

Pursuant to the call of the President, a special meeting of the Executive Committee was held at the Congress Hotel, Chicago, Illinois, this 8th day of April, 1925.

\* \* \* \* \*

There were present Mr. E. E. Edwards, President, Mr. R. J. Haas, Vice-President, Mr. G. D. Thornton, Treasurer, Mr. M. E. Wolf, Secretary, Mr. A. C. Wilcken, Mr. J. P. Chapman, as members of the Executive Committee, Mr. Wm. Hertz, business counsel, general manager and assistant treasurer, Mr. Thos. H. Cobbs, legal counsel, and assistant secretary, and Mr. C. P. Trimble.

The Minutes of the Organization Meeting held on February 13, 1925, which includes a copy of the Certificate of Incorporation, the By-Laws, the Option Contract, the Contract for the Organization of this Company, the Bill of Sale given to this Company, the Assignment of the Bill of Sale as collateral security and the collateral promissory notes given for the purchase of the assets from Sugar Land Industries, were submitted, read and approved.

The President reported that he had closed the deal for the purchase of the good will and assets of the Sealy Mattress Company from the Sugar Land Industries and presented the Bill of Sale executed by them and asked authority to execute and deliver the promissory notes and the Assignment of the Bill of Sale back to them as collateral security.

On motion duly made and seconded, the President, Mr. E. E. Edwards, was authorized and directed to execute and deliver the six (6) collateral promissory notes for twenty-five thousand dollars (\$25,000.00) each, to the Sugar Land Industries for the purchase of the assets from them

and to also execute the Assignmenet of the Bill of Sale received from them as collateral security to the notes and to consummate the deal for the purchase of the good will and assets from the Sugar Land Industries.

. . . . .

[fol. 38E] The question as to the right of licensed factories to make and sell tuftless mattresses without putting the Sealy label on them, and of selling them outside of their respective Sealy Territory, was discussed and it was stated that according to reports the factory at Denver had done this. The President was instructed to write the Denver factory, calling attention to this practice as unfair competition, and urging that if the factory there had been selling tuftless mattresses without the label, as reported, the practice be discontinued.

. . . . .

[fol. 39E] Mr. Hertz also reported on some questions of dispute between the Richmond and Atlanta territories. On motion, Mr. Edwards and Mr. Haas were appointed to fix the boundary between these two territories, and it was expressed as the general sentiment that all boundaries should be determined and made definite and not left to be determined by changing freight rates.

. . . . .

Mr. Hertz reported on the situation in the northwest, stating that Mr. Bowersox had apparently done nothing toward establishing a factory in Seattle, and that Mr. Bonesteele of Tigard, Oregon wanted the territory and seemed ready and willing to enter the territory if it was granted him. On motion, Mr. Bowersox was to be requested to release the Seattle territory and the territory was to be turned over to Mr. Bonesteele of Tigard, Oregon, with minimum guaranteed.

. . . . .

[fol. 40E] The question of co-operative purchasing was discussed, to a considerable extent, and it was the sense of the meeting that the office of this Corporation should be used for all purchasing which could be handled to advantage, and each factory was requested to send samples of supplies used by it, together with prices and the sources of supply to the Chicago office, so that the Chicago office could determine what supplies could be brought to advantage and advise the different factories and arrange with them for the supplies.

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[fol. 41E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 4

Condensed Minutes of the Sealy Corporation Convention  
June 25th, 26th and 27th, 1925

June 26, 1925.

1. This is a condensed report of the seventh semi-annual June Convention of Sealy Mattress factories, held in Chicago, June 25th-26th-27th, 1925, at the Congress Hotel.

2. Chairman E. E. Edwards called the Convention to order at 10:30 A.M. There were present Mr. H. E. Wolf, Secretary, Mr. Trimble, Mr. Haas, Mr. Donnaud, Mr. Jacoby, Mr. Shadrack, Mr. Thornton, Mr. Hertz, Mr. Bowersox, Mr. Nordwald, Mr. Stein, Mr. Sigmon, Mr. Wolfe, Mr. Egan, Mr. Sutherland, Mr. Wilckens, Mr. Cobb, Mr. Bonesteele and Mr. King.

3. Minutes of the preceding Convention were read by Mr. E. H. Wolf, Secretary. After remarks by Assistant Secretary, T. A. Cobb, these minutes were approved.

\* \* \* \* \*

11. On legal matters, Mr. Cobb reported the corporation [fol. 42E] had been completed and stock practically all issued and that those factories who had not received their stock would get it immediately upon presentation of letter naming the individual entitled to receive it and that all such stock and notes properly endorsed be deposited in a bank as Sugarland Industries collateral.

\* \* \* \* \*

14. Upon motion of Mr. Wolf, seconded by Mr. Stein, Executive Committee shall write up specifications for Sealy box springs. Motion carried. In this connection, Mr. Donnaud and Mr. Sigmon proposed the minimum be 72 coils. Mr. Wolf suggested 3½" to 4" coil on drop box spring as low as possible.

15. A Sealy sales manual was suggested by Mr. Ed-



wards, which Messrs. Wolf, Haas, Donnaud and Hertz thought worth while to mail the 15,000 names on Sealy list. No action.

. . . . .

17. Upon motion of Mr. Egan, regularly seconded and carried, it was suggested Executive Committee prepare an advertising leaflet tying in with phonograph records.

18. Upon motion made and seconded it was determined The Sealy Corporation produce 7,500 32-page Hotel booklets, 9 x 12, to cost not over 30¢ each, with art covers; The Sealy Corporation to pay layout and art-work costs, 600 copies to be distributed as subscribed. (See list paragraph #16.)

. . . . .

[fol. 43E] 25. Mr. Bonesteele spoke on penalizing infringing. Mr. Sigmon reported infringements in his territory, which Mr. Hertz stated had stopped. UPON MOTION of Mr. Haas, seconded by Mr. Wilckens, resolution was made that all infringements be reported to the corporation office and if found to be an infringement, Executive Committee determine disposition. Unanimously passed.

. . . . .

[fols. 44E-45E] 35. On the subject of future ticking orders, it was arranged that the factories advise Chicago office the quantity and pattern of ticking wanted and that Golding Bros. advise Mr. Donnaud when any number is half-used so detail of additional requirements could be furnished without running short on any pattern and to avoid over production.

36. Golding Bros. were instructed to leave out the word "Star" on Sealy Star ticking.

37. Mr. Hertz requested all factories handling Sealy springs report in their royalty statement each month number of springs sold, royalty on Sealy springs, 25¢ each.

38. Upon motion of Mr. Haas, seconded by Mr. Hertz, The Sealy Corporation was directed to pay bill of Eagle

Wabash Corp. covering lamps that had been used in the display space, which had been reported lost.

39. Mr. Haas presented ad of Lammert Furniture Company, St. Louis, under date of June 21st, Mr. Jacoby stated he had sold the merchandise in question, including Tuftless mattresses, at 25% on account of oil spots and that the seller should not have marketed them as perfect. Mr. Thornton stated this would not happen again and that the Sealy line had been taken from Lammert.

40. Upon motion of Mr. Haas, Messrs. Bowersox, Wolfe, Wolf were instructed to draw specifications for a line of Sealy pillows, designating price and upon which a royalty of 10¢ per pair would be paid the corporation. UPON motion was carried.

41. Mr. Sam Golding returned to the meeting and brought up quantity of Luxel and Airlite tick and for which he wanted orders. Mr. Haas stated the Ticking Committee would handle the subject and give shipping instructions as soon as possible.

42. Motion was made and carried that the Chicago office promptly get a loose-leaf book into which all minutes would be typed.

43. Mr. Edwards spoke on the necessity of punctual attendance at meetings and requested that all members come with full authority to act in any matter for the firm represented.

44. Upon motion of Mr. Sigmon the corporation was directed to produce 20,000 Sealy catalogs, Mr. Hertz to apportion them to each factory in accord their mailing list, allowing some stock for each factory.

45. Upon motion, made and seconded, the corporation was directed to produce 100,000 Texlan mattress stuffers.

46. Mr. Edwards stated he had 40,000 yards of Sealcrest and Airlite ticking on hand worth about \$17,000 and requested those factories who could to help him dispose of them.

47. Motion was made by Mr. Haas that Luxel and Airlite ticking be used on Texlan mattresses until stock is exhausted. Seconded and carried.

48. Messrs. Haas and Wolfe were appointed to work out Texlan tick proposition to use up old stock.

49. Mr. Donnaud made Motion that the Sealcrest mattress appear in the catalog. Unanimously passed.

[fol. 46E] 50. Mr. Edwards made Motion that the directors be increased to 25 and that a share of stock be issued to each director not on present list; also that it is the sense and understanding of each director that in case any factory leaves The Sealy Corporation that its one share be returned to the corporation without cost and that each certificate be endorsed in blank and put in escrow in accordance with original agreement. Seconded by Mr. Wolf and carried.

. . . . .

55. Mr. Haas Motioned that territories be permanently fixed and future freight rate changes be disregarded. Motion carried unanimously with the understanding only rail rates be considered.

)

[fols. 47E-50E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 6

Houston, Tex., January 25th, 1928

Condensed Minutes of The Sealy Corporation 11th Semi-Annual Convention Chicago, Ill.

January 12th, 13th and 14th 1928

1. The 11th semi-annual Sealy Convention was held at the Congress Hotel, Chicago, January 12th, 13th and 14th.
2. Mr. Edwards called the meeting to order at 10:15 the morning of the 12th. Mr. King recorded the minutes.
3. There were present in person January 12th:

Mr. Chadwick	Mr. Nordwald	Mr. Bonesteele
Mr. Smith	Mr. Edwards	Mr. Schwoerke
Mr. Bergmann	Mr. King	Mr. Wolf
Mr. Stein	Mr. Thornton	Mr. Cunningham
Mr. Shipiro	Mr. Wolfe	Mr. Dobner
Mr. S. P. Gordon	Mr. Bowersox	
Mr. M. A. Gordon	Mr. Sigmon	

4. Dudley Davis arrived late in the afternoon, having made the trip from Memphis via airplane.
5. Mr. Haas did not attend the meeting of the 12th and beyond routine matters little was accomplished, the other members feeling that Mr. Haas' ideas, interest and co-operation were necessary to any concerted program.

[fol. 51E] 31. Mr. Edwards stated that a plan was being worked out whereby Holman & Company of Boston might operate the Boston territory; that Mr. Haas was willing to relinquish that territory to establish a factory and that Holman & Company might later become identified with the Sealy Corporation on some fair basis, to be worked out.

[fol. 52E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 7

Minutes of the 19th Semi Annual Executive Committee Meeting, Sealy Corporation, Held at Hotel Congress, Chicago, Illinois, December 29th, 30th and 31st, 1932

1. Present:

J. R. Haas, Memphis, Tenn.  
H. E. Wolf, Pittsburgh, Pa.  
Morris Stein, Denver, Colo.  
Frank Wuliger, Cleveland, Ohio  
L. H. Goldman, St. Louis, Mo.  
E. E. Edwards, Houston, Texas

\* \* \* \* \*

4. Mr. Edwards opened the meeting with remarks relative to the general situation of the Corporation and developments and changes that occurred during the year 1932.

5. Mr. Edwards then presented a statement of the affairs of the old Sealy Corporation. The accounts receivable, as of December 23rd, 1932, total \$9,559.38. The above amount includes minimum royalties through the month of November.

\* \* \* \* \*

[fol. 53E] 6. After discussion of the financial standing of the old Corporation, the next subject discussed was the one of reorganizing a new company as successor to the old Corporation.

\* \* \* \* \*

[fol. 54E] 7. Mr. Edwards submitted a plan of having Ernst & Ernst take the per capita wealth, purchasing power, population, circulation of national publications and other factors as a basis of computing an equitable co-operative basis of operation.

After considerable discussion, Mr. Frank Wuliger stated that in view of the fact that the primary purpose of the



organization is to secure national advertising, and that mainly is what each factory secures from the Sealy Corporation when the purposes of the Corporation are being demonstrated through the medium of advertising in national publications, the circulation of the publications used should be an equitable basis upon which to assess Sealy factories. The above was unanimously agreed upon.

The interpretation of, and the construction to be placed upon the above paragraph is that when the new Corporation is formed and the national advertising becomes effective, each factory will pay on a pro rata basis of the circulation of the national publication in its territory.

. . . . .

[fol. 55E] 10. When we reached that point in our discussion, Mr. Edwards was requested to ask for an interview with Mr. Paul E. Faust of Mitchell, Faust, Dickenson & Wieland, a large advertising agency who was contacted for us by Mr. Morris Stern Sr. last January when we had the pleasure of Mr. Stern's presence, counsel and advice.

. . . . .

[fol. 56E] 11. The next subject was that of incorporating a new Company to hold the Patents, Trademarks and Good-Will of the former Sealy Corporation. Mr. Edwards outlined a stock structure, prepared by Mr. Morris Stern Sr., and after considerable discussion, it was approved with the further understanding that each of those present would return home and discuss it with those who might be interested, and give us the benefit of their views, if anyone felt a better plan could be worked out.

. . . . .

[fols. 57E-58E] 13. On Mr. Edwards way to Chicago, he interviewed Mr. Thomas H. Cobbs, General Attorney for the Sealy Corporation, and did likewise on his return home when he passed through St. Louis. Mr. Cobbs is ready to proceed with the incorporation of the new Company as soon as we tell him exactly how we want it set up.

Mr. Dreeben and Mr. Stern will be in Houston next week, and after conferring with them, Mr. Edwards will write each member of the group further, as well as Mr. Cobbs.

\* \* \* \* \*

[fol. 59E] 20. At the moment, I have not, in my own mind, found a way to tie in the publication circulation assessment to the stock deal, but I am certain that our new contract should not be a license contract, but a "Stockholders' Right" contract, if no legal objection is found to it.

\* \* \* \* \*

21. In planning to carry out the above proposed operation, the United States has been divided into sectional territories, so that a sectional executive will contact the factories that we want to bring into the group.

[fol. 60E] For instance, Mr. Harry E. Wolf of Pittsburgh will contact factories in Philadelphia, Baltimore, New York, Boston, Bangor, Albany, Montreal, Buffalo and Washington, D. C. When he has these factories properly lined up, he will notify me, and we plan to visit them together on a daily schedule that he has previously arranged.

Mr. Stein will accompany the writer on a trip to the Pacific Coast, to start the latter part of February.

Mr. Wuliger will arrange meetings in Detroit; Cincinnati, Columbus, Toledo and Akron.

Mr. J. R. Haas will make appointments in Richmond, Columbia, Indianapolis, Chicago and Milwaukee.

\* \* \* \* \*

[fol. 61E] 25. The next subject was that of a promotion item for the February sale. Mr. J. R. Haas used an ensemble idea in August that went over in good style, and he fully explained it to the group. He is to send proofs, furnish mats and complete details immediately, so that we can use it for a February promotion.

26. Some of the group wanted a spring center card produced immediately. We could not get sufficient orders for

one. Mr. J. R. Haas explained that a very good silk screen oil color process display could be produced at a very low cost and in any quantities desired. The group agreed that Mr. Haas should submit a design and prices to Mr. Edwards, who would in turn forward it to Pittsburgh, etc., each writing Mr. Haas the quantity desired.

\* \* \* \* \*

[fol. 62E] 28. The next subject was that of ~~trade~~ names and prices. After much discussion, the following names, materials, constructions, finish, prices and promotions were agreed upon.

### Enchanted Nights

Trenton Spring Products Lace Webb Construction.

34 lbs. first cut linter felt.

Heavy canvas bag to cover wire construction.

Tick to cost not less than 50¢ for 56 inch width with border, or 60 inch all over, or 8-ounce ACA Amoskeag.

Ticking sewed with beaded edge.

Swiss Loom border.

Finish with inside roll.

Upholstered button tuft.

Hand holds.

Resale	_____	39.50
Wholesale	_____	21.00
P. M.	_____	2.00

### Sealy Tuftless

50 lbs. cotton that will grade middling or better.

40 lbs. to be used in inner tick, made of 5.50 sheeting;

10 lbs. middling cotton felt to be placed around entire batt.

Tick to cost not less than 50¢ per yard for 56 inch width with border, or 60 inch all over damask, or 8-ounce ACA Amoskeag.

Ticking sewed with beaded edge, that is, tick is first turned inside out and sewed, and then turned and sewed again, so as to form bead on outside.

Finish roll edge.

Hand holds.

Mattress firmly pressed before being inserted into carton.

Resale	_____	32.50
Wholesale	_____	17.50
P. M.	_____	2.00

[fol. 63E] Sealy Rest Innerspring Tuftless

Young's 285 coil unit, or equivalent.

Cover unit with light weight canvas bag, approximately 6-ounce.

Place 15 lbs. mill run linter felt on each side of unit.

Insert into 5.50 sheeting tick, lace down tightly.

Place 5 lbs. felt each side and insert in regular tick.

Ticking to cost not less than 35¢ per yard, or 8-ounce

ACA Amoskeag.

Boxing to have 8-row stitching on pre-built border.

Finish roll edge.

Hand holds.

Resale	_____	32.50
Wholesale	_____	17.50
P. M.	_____	2.00

Air Vent

Hager 210 coil unit.

Light weight canvas cover for unit.

34 lbs. mill run linter felt.

Ticking to cost not less than 35¢ per yard or 8-ounce

ACA Amoskeag.

Eyelet boxing with horizontal stitching.

Tape edge.

Finish roll edge.

Button or tape tuft.

Hand holds.

Resale	_____	33.50
Wholesale	_____	17.50
P. M.	_____	2.00

### Natural Rest

182 coil unit, covered with 5.50 sheeting bag.

34 lbs. mill run linter felt.

All over damask tick to cost not less than 50¢ per yard.

4-row stitched pre-built border.

Tape edge.

4 Grometts

Finish roll edge.

Hand holds.

Resale	_____	24.50
Wholesale	_____	12.50
P. M.	_____	.50

### [fols. 64E-65E] Truease

182 coil unit, covered with 5.50 sheeting bag.

34 lbs. mill run linter felt.

Panel damask ticking, to cost not less than 25¢ or more than 28¢ per yard.

4-row side stitched pre-built border.

Finish roll edge.

4 Grometts.

Hand holds.

Resale	_____	19.75
Wholesale	_____	10.50
P. M.	_____	.50

### Fast a Sleep

180 coil unit, covered with 5.50 sheeting bag.

32 lbs. mill run linter felt.

3.95 drill tick.

Tape edge.

Finish roll edge.

4 Grometts.

Cotton Tufts.

No hand holds.

Resale	_____	14.75
Wholesale	_____	7.75
P. M.	_____	None



[fol. 66E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 8

Minutes of the 20th Semi Annual Executive Committee Meeting, Sealy Corporation, Held at Hotel Congress, Chicago, Illinois, July 8th, 1933

. . . . .

[fol. 67E] 7. Mr. H. E. Wolf's proposal to divide the entire United States between the present group was seriously considered and discussed at length. The group seemed to feel that while the proposal was an equitable one that the vital thing in which each was most concerned was the raising of a large national advertising fund immediately. After going over the new contract very carefully, Mr. Wolf stated that he was willing to go along on the new basis, and it was then unanimously agreed that a large number of new factories be brought into the Sealy Corporation.

. . . . .

10. Upon motion made by Mr. J. R. Haas, and seconded by Mr. H. E. Wolf, the President was instructed to proceed with the incorporation of the new organization to be known as Sealy Incorporated, and that said Incorporation is to be for the sum of \$150,000.00, the amount paid to the Sugarland Industries for the name, trademarks, patents, license contracts, etc., formerly owned by the Sugarland Industries.

. . . . .

[fol. 68E] 11. The question of prices came up for discussion, and it was unanimously voted that each group be allowed to schedule prices for its factory until the next meeting, at which time prices for all factories will be determined.

12. The group then tried to determine upon the names of the various grades of mattresses that would be used in the national advertising campaign. After some discus-

sion, it was suggested that all the names be submitted to the advertising agency selected and that they in turn pick the names to be used in our national advertising program. The group unanimously agreed to that arrangement.

13. It is further agreed that no cut prices are to be made on any of the articles advertised in the national magazines. This is intended to mean that no cut prices can be made without general authorization by the group, and only on a uniform basis throughout the entire United States.

[fol. 69E] 20. Your President was instructed to divide up all the territories on the basis of the new proposal. In view of the fact that all the territories have not been decided upon, we are of the opinion that this would be a waste of time, effort and money. We proposed to bring to the next meeting a map of every State showing county lines and from the circulation statements of all the publications that will be used, we will compile figures showing the actual circulation of all the publications going into any given territory.

[fol. 70E] 23. Mr. J. R. Haas obtained from the chairman of the cost accounting committee a cost sheet of suggested wholesale prices for regional zones number one, two and three. The specifications and the prices are herewith given below.

#1	Cotton Matt.	45#	Sheeting	\$4 85
#2	Cotton Matt.	50#	Sheeting	6 10
#3	Plated Matt.	50#	Sheeting	6 75
#4	Felted Matt.	45#	Sheeting	6 50
#5	Felted Matt.	50#	Sheeting	7 00
#6	Felted Matt.	50#	475 Drill Four-Row Stitch	7 90
#7	Felted Matt.	55#	475 Drill Four-Row Stitch	8 40
#8	Innerspring Matt.		475 Drill 160-170 Coil Cons.	9 00
#9	Innerspring Matt.		475 Drill 160-170 Coil Cons.	
			Tape Edge Two Vents Each Side	9 50

[fol. 71E] 25. With the assistance of Mr. L. H. Goldman, Mr. E. C. Haas, Mr. Nathan Dreeben, Mr. J. R. Haas and Mr. M. Stein, your President contacted the heads of organizations in

Los Angeles  
San Francisco  
Portland, Ore.  
Minneapolis  
Chicago  
Detroit  
Buffalo  
Boston  
New York  
Baltimore  
Cincinnati

Indianapolis  
Fresno, Calif.  
Birmingham, Ala.  
Salt Lake City  
Bloomington, Ill.  
Louisville, Ky.  
Davenport, Iowa  
Milwaukee, Wis.  
Burlington, Vt.  
New Orleans, La.

Your President explained to the party in New Orleans that Mr. Haas proposed to cover that territory, and his application could not be entertained. Mr. Haas also pointed out to the writer that he probably would not want to give up the Louisville territory.

Mr. Haas stated that three factories should be obtained in the State of Florida, one for the South, one for the North and one in the Tampa area. Mr. Haas volunteered to contact the three factories necessary to complete the organization in that State.

Manufacturers were not present from the Cities of Seattle, Van Couver, Winnipeg, Montreal or Toronto. The [fols. 72E-76E] writer met one gentleman from Toronto but was unable to talk to him at that time and is not in position to determine if it is a factory we want to invite into our group. It appears that the vacancies in factories are in Oklahoma City, Richmond, Va., Philadelphia, Spokane, Wash., Toledo and Akron, Ohio, in event Toledo does not work the latter City.

The writer suggests that you immediately send to the Houston office the names of mattress factories which you think should join the Sealy group at those points where no factory has been contacted.

It has just occurred to the writer that he did not con-

tact Mr. Hasselbarth of Albany, N. Y., but as I know him quite well personally, I will write him.

26. Upon motion duly made and seconded, the following officers of Sealy Incorporated were elected unanimously.

E. E. Edwards, President  
J. R. Haas, Vice President  
H. E. Wolf, Secretary  
M. Stein, Treasurer

[fol. 77E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 9

Minutes of the Meeting of the Executive Committee of Sealy, Incorporated, held at the Jefferson Hotel, St. Louis, Missouri, November 27th and 28th, 1933.

Meeting attended by Messrs. J. R. Haas, H. E. Wolf and E. E. Edwards. Mr. M. Stein, member of the Committee, did not attend.

The meeting was called, because Mr. Thos. H. Cobbs, attorney for Sealy, Incorporated, advised that the contract needed many revisions, and it was necessary for us to confer with him before new factories could be signed up by the new company, known as Sealy, Incorporated.

. . . . .

[fol. 78E]. The terms of the contract and proposed changes were apparently thoroughly analyzed and decided upon. Mr. Cobbs is rewriting the contract, and we expect copies of it at an early date. As soon as received, copies will be made and sent to you.

In the formation and development of the plans for Sealy, Incorporated, it is generally recognized that it will be necessary to secure the services of some outstanding man in the mattress industry, who will devote his time exclusively to the direction of Sealy, Incorporated.

. . . . .



[fols. 79E-80E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 11

Houston, Tex., March 3rd, 1926

Condensed Minutes of The Sealy Corporation Convention,  
Chicago, Ill., January 7th & 8th, 1926

1. The eighth semi-annual Sealy Convention was held in the Congress Hotel, Chicago, Ill., Thursday and Friday, January 7th and 8th, 1926.

2. There were present in person January 7th:

Mr. Edwards	Mr. Donnaud	Mr. Bowersox
Mr. Haas	Mr. Chadwick	Mr. Sigmon
Mr. Wolf	Mr. Stein	Mr. Sutherland
Mr. King	Mr. Gordon	Mr. Cunningham
Mr. Cobbs	Mr. Chapman	Mr. Trimble

Mr. Bonesteel was represented by proxy to Mr. Cunningham.

8. Mr. Bowersox made motion that disputed territory boundaries be fixed as of January 1st, 1926, if present contract specified no fixed boundary. Motion seconded and carried.

[fol. 81E] 25. Mr. Bowersox made motion, which was seconded and carried, that no sales be run by any factory outside of the semi-annual sales without the consent of the Corporation.

31. Mr. Edwards pointed out that considerable difference exists in the price charged for the smaller sized mattresses, by the different factories. A Committee composed of Messrs. Stein, Sigmon and Sutherland was appointed to determine what prices should be charged for mattresses less than full size. The Convention recommended the prices so determined be adopted by all factories.

[fols. 82E-85E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 12

Semi-annual meeting of the Stockholders of The Sealy Corporation, held at the Congress Hotel, Chicago, Ill., January 13th, 14th & 15th, 1927.

1. Pursuant to regular call and notice, the ninth semi-annual convention of stockholders of The Sealy Corporation was held in the Congress Hotel, Chicago, Illinois, January 13th, 14th and 15th, 1927.

2. The meeting was called to order at 10 AM January 13th by President Edwards, the minutes being recorded by Mr. King.

3. There were present the following:

Mr. Chadwick	Mr. Thornton	Mr. King
Mr. Smith	Mr. Wolfe	Sigmon's Cousin
Mr. Bergmann	Mr. Bonesteele	Mr. H. E. Wolf
Mr. Stein	Mr. Bowersox	Mr. W. Sutherland
Mr. Dobner	Mr. Wilder	Mr. Cunningham
Mr. Gordon	Mr. J. R. Haas	Mr. Davis
Mr. Edwards	Mr. Sigmon	

4. Mr. Edwards stated the purpose of the meeting, and laid stress on the importance of members not discussing outside of our organization the matters that came up in meetings.

5. Mr. Haas reviewed some of the points in the Golding tick situation, explaining that the conditions complained of had been investigated by himself, Mr. Edwards, Mr. H. E. Wolf and Mr. Wuliger, in New York, during December and that so far as he was concerned his objections were withdrawn and the matter closed.

6. Mr. King read the Treasurer's report. After discussion and upon motion of Mr. Haas, seconded by Mr. H. E. Wolf, it was ordered received and filed.

7. The matter of changing the price on the Sealy tuftless came next. The following opinions were recorded on a round table expression;

H. E. Wolf	—Leave at \$29.50.
Mr. Bergman	—Agreeable to leave at \$29.50 but prefers drop.

- Mr. Chadwick —Leave at \$29.50 but give more dealer co-operation.
- Mr. Gordon —Same as Mr. Chadwick.
- H. M. Wolfe —Leave at \$29.50
- Mr. Sigmon —On 13¢ cotton reduce to \$24.50, or hold where it is and increase allowances.
- Mr. Cunningham —Lower wholesale price \$3. to \$5. of increase retail price.
- Mr. Thornton —Same as H. M. Wolfe.
- Mr. Bonesteele —Leave where it is.
- Mr. Stein —Reduce to dealer only.
- Mr. Haas —Leave resale alone; increase advertising allowance.
- Mr. Wilder —Leave both prices the same.
- Mr. Bowersox —Leave both prices the same—Spend \$3. each advertising.
- Mr. Sutherland —Leave both prices alone.

After full discussion, motion was made by Mr. Haas, seconded by Mr. Cunningham, and unanimously passed, That we maintain the present Tuftless resale price; that we maintain the present wholesale price; that we not make the dealer any allowance in excess of \$2.50 per tuftless to be used as each factory sees fit; that the plan be not circularized but handled personally through the salesmen under written agreement.

[fols. 86E-87E] 41. The following Committee was appointed to work out prices on odd size mattresses: Mr. H. M. Wolfe, Chairman, Mr. Haas, Mr. Bowersox, Mr. Stein, Members. This committee failed to function and the work was undertaken by Messrs. Smith, Stein and Haas, who determined on the following:

	Delivered	FOB Factory	3/6 & Under
Tuftless.....	Unchanged	—	
Sealcrest.....	22.50	—	100 less
Luxel.....	18.50	—	
Star.....	16.00	15.50	75¢ less
Airlite.....	14.75	—	1.00 less
Texlan.....	13.00	12.50	75¢ less
Truease.....	11.50	1.00	50¢ less

[fol. 88E] 50. Mr. Bonesteele wanted the Executive Committee to make a newly executed operating agreement between Tigard and Seattle factories a part of their license contracts. In the absence of members Haas, Thornton and Cunningham a quorum was not available to pass on this after eliminating Mr. Bowersox as a committee member by reason of his being a party to the contracts in question. The points in the situation were outlined to the convention by Mr. Edwards. Decision was that the territories allotted in the original license contracts remain unchanged and that Tigard and Seattle continue to operate under their new operating agreement.

51. Mr. Bowersox protested the executive Committee's distribution of the Butte factory territory. No action was taken beyond that Mr. King would send Mr. Bowersox a map outlining the details of the division.

• • • • •

[fols. 89E-90E] IN UNITED STATES DISTRICT COURT

## GOVERNMENT'S EXHIBIT No. 13

(7-26-27)

Minutes of Tenth Semi-Annual Meeting of the Stockholders of The Sealy Corporation held at Chicago, Illinois, June 23-24-25, 1927

1. Pursuant to regular call and notice the tenth semi-annual meeting of the stockholders of The Sealy Corporation was held at the Congress Hotel, Chicago, Illinois, in room 1302, Thursday, Friday and Saturday, June 23-24-25, 1927.

2. The meeting was called to order at 10:45 AM June 23rd by President Edwards, Mr. King recording the minutes.

3. There were present Messrs.:

Chadwick	Thornton	Sutherland
Bergmann	Wolfe	Cunningham
Stein	Haas	Dobner
Gordon (M. A.)	Sigmon	Bonesteele
Gordon (S. P.)	Schwoerke	King
Nordwald	Wolf	Davis
Edwards	Morton	

Salt Lake was not represented, and a telegram from Mr. Bowersox was read stating he could not be present on account of sickness.

[fol. 91E] 20. The matter of price of the tuftless mattress was given a great deal of discussion. Final decision was that both wholesale and resale price remain unchanged. On sale-time tuftless only, an allowance to the dealer of \$3.00 per tuftless was authorized for advertising, while an additional \$1.00 might be allowed for spiffs in sections where competitors gave spiffs.

21. Mr. Edwards stated that he was seriously considering switching from exclusive dealerships for wider distribution. Discussion indicated most factories favored more



than one dealer per town except where a representative Sealy line was carried and pushed with reasonable diligence by one dealer.

. . . . .

[fol. 92E] 26. The Convention was reminded that the freight rate at January 1st 1926 controls the territory boundary in all cases except where definite boundary appears in the original license contracts, the territory in question going to the factory having the lowest LCL first class freight rate at that date.

. . . . .

29. Motion was made by Mr. Thornton, seconded by Mr. Sigmon, and regularly passed, that if any factory failed to pay the assessments levied against it, and such assessments be assumed and paid by some other factory, the factory that pays for the factory that fails to pay shall in the final distribution of the Sealy Corporation Stock receive the equivalent of 300 for each 100 paid under this arrangement.

. . . . .

[fol. 93E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 17

Minutes of the Sealy Convention Held Hotel Congress,  
Chicago, Illinois, January 17th, 18th and 19th, 1931.

1. Present:

M. Stein, Denver, Colorado  
H. E. Wolf, Pittsburgh, Pennsylvania  
J. R. Haas, Memphis, Tennessee  
W. L. Chadwick, Buffalo, New York  
Earl H. Bergmann, Cleveland, Ohio  
Frank Wuliger, Cleveland, Ohio  
M. A. Gordon, Detroit, Michigan  
S. P. Gordon, Detroit, Michigan  
J. P. Chapman, Detroit, Michigan  
H. F. Bonesteele, Tigard, Oregon  
E. C. Haas, Kansas City, Missouri  
C. T. Sigmon, Oklahoma City, Oklahoma  
Charlie Meyers, Oklahoma City, Oklahoma  
E. E. Edwards, Houston, Texas

Sealy Members not present:

G. D. Thornton, Indianapolis, Indiana  
H. M. Wolfe, Indianapolis, Indiana  
Sidney Sutherland, Richmond, Virginia  
Otto Nordwald, El Paso, Texas

2. Minutes of the previous meeting were adopted without being read.

3. Mr. E. E. Edwards, on behalf of the Treasurer, Mr. G. D. Thornton, submitted a statement of the Sealy Corporation, showing its financial condition as of December 31st, 1930. For the benefit of those members not present, we are glad that we are able to state that the fifth note due the Sugarland Industries was paid during 1930, plus interest charges. The Radio Advertising account with the National Broadcasting Company was also adjusted and paid in full. Several other accounts of minor importance were paid.

4. The next subject following that of the Financial Report was the Proposed Contract Between the Missouri Casket Company, Kansas City, Missouri, Sealy Mattress Company, Kansas City, Missouri, and The Sealy Corporation.

The Contract was explained in detail; the method of manufacturing and distributing, and the fact that only the territories controlled by Mr. G. D. Thornton were not included, as Mr. Thornton had refused to concede his rights on the same basis that the other factories agreed upon.

[fols. 94E-100E] The way the matter now stands is that the Corporation grants the Missouri Casket Company the exclusive right to sell Sealy labeled casket mattresses in connection with the sale of its patented device used in caskets. Thee Kansas City factory will manufacture all mattresses for the Missouri Casket Company, with the exception of those produced for the St. Louis, Indianapolis and Chicago territories. These will be produced by Mr. Thornton's factories for those territories.

The Missouri Casket Company guarantees us a minimum royalty of \$750.00 per month, with an advance payment on royalty of \$5,000.00 cash.

The Casket Contract was unanimously approved by all members present, with the exception of Mr. E. E. Edwards, who voted "No". Mr. Edwards made the statement that he was opposed to Casket Advertising and that nothing that had been said had changed his views, but, as all other factories were in favor of it, he would step aside so as to conform to the wishes of the majority.

[fol. 101E] 16. Another subject was that of securing Additional Sealy Representation, and Mr. E. E. Edwards was instructed to arrange with various members to seek logical prospects in states where we are not represented. This action will be taken as quickly as it is convenient and possible.

[fol. 102E-112E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 18

Minutes of the 18th Semi Annual Sealy Convention, Held at Hotel Congress, Chicago, Illinois, January 15th and 16th, 1932.

1. Present:

J. R. Haas, Memphis, Tennessee  
H. E. Wolf, Pittsburgh, Pennsylvania  
Earl H. Bergmann, Cleveland, Ohio  
M. Stein, Denver, Colorado  
E. C. Haas, Kansas City, Missouri  
W. L. Chadwick, Buffalo, New York  
M. A. Gordon, Detroit, Michigan  
L. H. Goldman, St. Louis, Missouri  
W. F. Cady, Tigard, Oregon  
J. W. King, Pittsburgh, Pennsylvania  
Nathan Dreeben, San Antonio, Texas  
Morris Stern, San Antonio, Texas  
E. E. Edwards, Houston, Texas

Factories not represented:

Richmond, Virginia  
El Paso, Texas  
Boston, Massachusetts

2. Reading of the minutes of the previous meeting was dispensed with.

3. Mr. E. E. Edwards, President of the Sealy Corporation, presided.

Mr. E. E. Edwards opened the meeting and dwelled upon the few changes that have been made in the organization, and outlined plans for future development. Mr. Edwards touched upon many other various angles of the business situation, and the manufacturing, distributing, advertising, and selling necessities of 1932.

4. The next subject was that of a very confidential nature, the reading of a contract proposed by S. Karpen & Brothers and the Sealy group. After careful reading and

consideration, the organization unanimously agreed that the contract, in the form presented, was not entirely acceptable, and that further negotiations should be continued.

Negotiations were continued, and, in a series of conferences with S. Karpen & Brothers, progress was made. Conclusions will be reported in another bulletin on this subject.

[fol. 113E] 28. In conclusion, please permit me to say that during the Bedding Alliance Convention and the Sealy Convention, I was able to contact factories of substantial [fol. 114E] financial means at almost every point we have a vacancy in the Sealy organization at this time. In a few days, we will write you about our plans for lining up these factories. For certain reasons, we did not attempt to close contracts with them while in Chicago.



[fol. 115E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 22

St. Louis, Missouri—May 1st, 1925

Minutes of Special Meeting of Executive Committee  
An *Executive Committee Meeting* was called by our President, Mr. E. E. Edwards, at St. Louis, Missouri, Friday, *May 1st, 1925*. The meeting was called to order at 10:00 A. M., at the Jefferson Hotel.

Members present were:

E. E. Edwards, Sugar Land, Texas  
J. R. Haas, Memphis, Tenn.  
G. D. Thornton, Indianapolis, Ind.  
H. E. Wolf, Pittsburgh, Pa.  
H. C. Wilcken, St. Paul, Minn.  
Wm. Hertz, Chicago, Ill.  
J. P. Chapman, Detroit, Mich.

This *Special Executive Committee Meeting* was called to accept or reject Mr. William Hertz's resignation as General Manager of the Sealy Corporation. After discussing matters, Mr. Hertz reconsidered his resignation, which was unanimously approved by the Executive Committee, and will continue to perform duties as heretofore.

The next matter debated was the *Seattle territory*. A letter was written to Mr. J. W. Bowersox of Los Angeles, Calif., copy of which is hereto appended and is a part of the Minutes. This letter was signed by each member of the Executive Committee present at this meeting and was approved by all present.

. . . . .

It was regularly moved and seconded that Mr. Edwards, president of the Sealy Corporation, write the *Sealy Factory at Cleveland, Ohio*, asking them to release their *Sealy territory*, due to the fact that they have not co-operated in the various activities of the Sealy Corporation.

. . . . .

[fol. 116] Jefferson Hotel, St. Louis, Mo., May 1st, 1925

Mr. J. W. Bowersox,  
c/o Sealy Mattress Co.,  
Los Angeles, Calif.

Dear Mr. Bowersox:—

We exceedingly regret that you are not with us today. This Executive Committee Meeting was called especially for your benefit and you were the only member who was not in attendance.

It was not the desire of the Executive Committee nor of Mr. Hertz to give you offence or in any way jeopardize what you considered to be your rights in the Sealy organization. It was their desire to help you and to help the Sealy organization as a whole and we felt this could be best done by turning over the Seattle territory which we consider is open, to the Tigard factory.

We cannot and do not recognize that you have a Sealy contract for Seattle, but in order to show you that we desire to co-operate with you fully, the Executive Committee are willing to give you a contract for the Seattle territory on the definite provision that you will pay to the Sealy Corporation (Mr. Hertz) Five Hundred (\$500.00) Dollars in cash moneys for the privilege of such contract and agree to have a plant in operation in Seattle by the first day of June.

We are not taxing you with \$500.00 for this Sealy contract, but it is necessary to compensate us for the time that has been lost in starting a plant from January to June, 1925, at a rate of \$100.00 per month.

It is necessary that Mr. Hertz be advised in writing on or before May 15th of your desire to accept this contract and such desire must be accompanied by check as above stated.

It is also the sense of the Executive Committee that each Month's royalties of every participating Sealy Company must be paid not later than the 15th of the month following. Such royalties to be accompanied by the regular royalty reports, and in addition to this that the assessments be paid each month.

When you were at our last conference you agreed to pay \$100.00 per month to the Advertising Fund, which becomes as much a part of your obligation as the royalty itself. Therefore, we trust that you will, without delay, send Mr. Hertz your check and report for March royalties, that the minimum for San Francisco be paid up from January First, also the special assessments for each plant be paid up from January First. All these funds are to be sent to Mr. Hertz to reach him not later than May 15th, which then should include the April reports and royalties.

We cannot agree that there is any offset on the San Francisco minimum by the amounts of overage which accrue to Los Angeles.

All the above is written in the utmost spirit of co-operation with both your interests and your good feelings at heart because every member of the Board and Mr. Hertz is personally your friend and wants to see you [fol. 117E] succeed, but at the same time it must be entirely understood that the Sealy Corporation is a business institution and can only function by each member living up definitely to his obligations.

With reference to your telegram regarding price on Sealy merchandise, will say that it was definitely the sense of the Board that each factory must abide by the set minimums.

With kindest regards from each member of the Board and Mr. Hertz, we remain,

Executive Committee, Sealy Corporation.

Committee:

P.S.—Please note that while the Executive Committee does not recognize in any sense that you have a Seattle contract, yet, in order that we may be legally within our rights, should we be wrong in our estimate of your contractual rights, we hereby desire to state that this letter represents a thirty day legal notice of cancellation of this Seattle contract due to your failure to perform under the terms of said contract.

[fol. 118E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 24

December 22, 1925.

Minutes of Executive Committee Meeting, June 27th, 1925

1. The Executive Committee met in Mr. Edwards' room at the Congress Hotel, 5 P. M., June 27th, Mr. Edwards, Mr. Haas, Mr. Thornton, Mr. Wolf, Mr. Bowersox, and Mr. Wilcken being present.

2. Messrs. Bonesteel, Bowersox and Stein stated their wishes relative territory, particularly regarding Montana. After full discussion, the committee determined the Denver factory should have Montana until January, 1926, when it shall go automatically to Tigard and Seattle Factories.

[fol. 119E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 26

Special Meeting of Executive Committee

Chicago, Ill., November 14, 1925

1. Upon call of the President a special meeting of the executive committee was held in the office of the corporation, Furniture Mart Building, Chicago, at 9:30 A. M. Saturday, November 14th, with every member present, namely:

Mr. Edwards  
Mr. Haas  
Mr. Thornton

Mr. Wolf  
Mr. Bowersox  
Mr. Cunningham

Mr. Egan  
Mr. King

[fols. 120E-121E] 10. *Complaint of Oklahoma Factory* was presented involving *Indianapolis Tuftless* mattresses invading *Oklahoma Factory's* territory at *Holdenville, Oklahoma*. Available data indicated them being *improperly supplied via Lammert Furniture Company, St. Louis*, and Mr. Thornton promise to stop selling *Lammert Furniture Company*.

11. Upon *motion of Mr. Haas*, regularly seconded and passed, *resolution was made that boundary disputes where not clearly defined by contract be settled on prevailing freight rates*.

. . . . .

4. On motion made and seconded, *resolution was passed that a factory shipping into the territory of another factory shall be settled with the factory owning the territory by payment of 10% of the retail price of the shipment, unless the Executive Committee rule otherwise in specific instances*.

. . . . .

[fol. 122E] 33. Mr. *Edwards* stated *Sealy Mattress Company, Brooklyn*, want to *give up their Sealy contract*. Mr. *Edwards* was directed to handle the situation, especially disposition of the \$2,300.00 advertising fund *Brooklyn* agreed to spend. Mr. *Haas* will consider covering *New York and New England* territories by warehouse from *Memphis* if no better method presents. *Pittsburgh* will consider handling *Philadelphia* territory likewise.

. . . . .



[fol. 123E]

November 19, 1925.

## Executive Committee:

Mr. Edwards,  
Mr. Haas,  
Mr. Thornton,  
Mr. Wolf,  
Mr. Bowersox,  
Mr. Cunningham,  
Mr. Egan.

Gentlemen:

Herewith your copy of minutes of Saturday's Executive Committee meeting as we interpret the decisions.

Please read them carefully and if not in line, advise us so correction may be made at once.

Very truly yours, —, —, Executive Secretary.

November 20, 1925.

JWK\*MK

## Executive Committee:

Gentlemen:

When transmitting minutes of our last meeting we intended to refer especially to paragraph #14 which sets a penalty of 10% of the retail price on shipments into the territory of another factory.

Mr. Edwards, Mr. Bowersox and myself were of the opinion that in connection with a Tuftless mattress, for instance, this penalty of \$5.00 would be greater than the factory profit, particularly in bootleg shipments, which we want to make burdensome to all offenders.

Unless immediately advised to the contrary that paragraph will stand in full understanding among us.

Very truly yours, —, —, Executive Secretary.

JWK\*MK

[fol. 124E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 27

Territory Outline License Factories Per Contracts:

**Richmond, Virginia:** Richmond and all adjacent territory in every direction until Richmond railroad freight rates meet lower ones from Mebane, Louisville, Cincinnati, Pittsburgh and Baltimore.

**Salt Lake City, Utah:** Salt Lake City and adjoining territory in every direction to points at which lower railroad freight rates are effective from Denver, El Paso, Texas, Los Angeles, San Francisco, Portland and Butte, Montana.

**Buffalo, New York:** Buffalo and adjacent territory in all directions until meeting lower railroad freight rates from Boston, New York City, Philadelphia, Pittsburgh and Cleveland, in the United States.

**Los Angeles, Calif.:** Los Angeles and San Diego, Calif. and territory in all directions in United States, until lower freight rates apply on shipments from San Francisco, Calif. Salt Lake City, Utah, and El Paso, Texas.

**Detroit, Mich.:** Detroit and all adjacent territory in every direction until meeting lower railroad freight rates from Cleveland, Cincinnati, Indianapolis and Chicago. More definitely defined territory later advised.

**St. Louis, Mo.:** St. Louis and points in all directions until meeting lower freight rates effective on shipments from St. Paul, Minn., Chicago, Illinois, Indianapolis, Indiana, Memphis, Tennessee, Little Rock, Ark. and Kansas City, Mo. but no shipments into Kentucky or counties of Ripley, Butler, Stoddard, New Madrid or Mississippi in Missouri.

**Kansas City, Mo.:** Kansas City and to all points North, East and West until meeting a lower freight rate on shipments from Denver, St. Paul and St. Louis, but South only to the Southern boundary lines of the States of Missouri and Kansas.

**Seattle, Washington:** Seattle, and territory in all directions until meeting lower freight rates applying from Tigar, Oregon, Salt Lake City, Utah, Denver, Colorado and St. Paul, Minnesota.

**Tigard, Oregon:** Tigard and territory in all directions to all points until meeting lower freight rates which apply on freight shipments from Seattle, Washington, Butte, Montana, Salt Lake City, Utah, and San Francisco, California.

**Atlanta, Georgia:** Atlanta and territory in all directions until meeting lower freight rates from Mebane, N. C., Memphis, Tenn., and New Orleans, La. In Florida, however ship all towns East of but not including those on the Atlantic Coast Lines Ry.

[fol. 125E] **Indianapolis, Indiana:** Indianapolis and territory in all directions to points at which lower freight rates are effective on shipments from St. Louis, Chicago, Detroit, Cleveland, Pittsburgh, and Memphis, but not south of the Ohio River in that part of Kentucky including Louisville and territory south and west of that city.

**St. Paul, Minn.:** States of Minnesota, North Dakota, South Dakota, Iowa, Wisconsin and Montana, except where lower freight rates applies from the cities of Milwaukee, Omaha, Des Moines and Butte, Montana.

**Pittsburgh, Pa.:** Pittsburgh and territory in all directions to points at which lower freight rates are effective on shipments from Cleveland, Cincinnati, Mebane, N. C., Richmond, Va., Baltimore, Philadelphia, and Buffalo, New York.

**Cleveland, Ohio:** Cleveland and adjacent territory in all directions until meeting lower railroad freight rates from Buffalo, Pittsburgh, Cincinnati, Indianapolis and Detroit more definitely defined territory later advised.

**Chicago, Illinois:** Chicago and adjacent territory extending to points at which lower freight rates are effective on shipments from Detroit, Milwaukee, St. Louis and Indianapolis.

**New Orleans, La.:** All of Louisiana south of but not inclusive of, points on the V. S. & P. Ry. All points in Mississippi and Alabama to which lower freight rates apply from New Orleans than from Memphis, Tenn., and Atlanta, Ga. All points in Florida on and west of the Atlantic Coast Line Railroad.

**Baltimore, Maryland:** Baltimore and Washington, D. C. and adjacent territory in all directions to points at which lower freight rates are effective on shipments from Richmond, Va. Pittsburgh, Pa. and Philadelphia, Pa.

Long Island City, New York: Metropolitan New York and territory extending in all directions to points at which lower freight rates are effective on shipments from Philadelphia, Pittsburgh, Buffalo, and Boston.

Oklahoma City, Okla.: All territory north of the counties of Yoakum, Terry, Lynn, Garza, Kent, Stonewall, Haskell, and all counties west of the counties of Baylor and Wilbarger in Texas, and all of the State of Oklahoma.

Memphis, Tenn.: Territory adjacent to Memphis and East of Mississippi River in the States of Tenn. Miss. Alabama, Georgia & Kentucky (West and South of Louisville, Ky. inclusive), to points at which lower freight rates are effective on shipments from New Orleans, Atlanta, Mebane, N. C. and St. Louis, also Jonesboro and Paragould, Ark. and territory East of Doniphan, Mo., and south of Delta, Mo.

Little Rock, Ark.: All Arkansas except Jonesboro and Paragould.

San Francisco, Calif.: San Francisco and territory in all [fol. 126E] directions to points at which lower freight rates are effective on shipments from Los Angeles, Salt Lake City, Denver, Colo., Butte, Montana, and Portland, Oregon.

Denver, Colorado: Denver and all points from Denver having lower freight rates than shipments from Omaha, Kansas City, Oklahoma City, El Paso, Texas, Salt Lake City, and Butte, Montana.

Sugar Land, Texas: All the State of Texas with the exception of territory north of the following counties. Yoakum, Terry, Lynn, Garza, Kent, Stonewall, Haskell,—and west of these counties. Baylor and Wilbarger, and except the territory south of the following counties. Andrews and Martin—and west of the counties of Glasscock, Regan, Schleicher, Sutton, Edwards, Kinney.

[fol. 127E] Territory Outline Mebane, N. C. and El Paso, Texas:

Mebane, N. C.: All North Carolina and such portions of South Carolina, Tennessee, and Virginia where Mebane freight rates are lower than those applying from Atlanta, Memphis or Richmond.

El Paso, Texas: In every direction until meeting lower railroad freight rates from Los Angeles, Calif., Denver, Colo., Dallas, Texas, Sugar Land, Texas, and Chihuahua, Mexico. Before second part begins to operate first party shall furnish second party with detailed information showing exact limits of territory covered, and whenever any changes in rates are made, which will alter territory, such information shall immediately be furnished second party by first party. Until notified of change in this manner, sales by second party in territory formerly included shall not be construed as a violation of this contract. And first party agrees and binds itself that it will not grant to any other concern or individual, and that it will not itself manufacture or make sales within the said territory during the life of this contract. But it is expressly understood and agreed that first party shall have the right to make sale of its product, and fill orders within the said territory whenever second party fails to conduct, transact and carry on the manufacture of Sealy Mattresses as provided by the terms of this agreement, but the First party has reserved and by these presents does hereby reserve the hereinafter fixed royalties or fees and one of the considerations, conditions and limitations of the said right and privilege, is the right from time to time to specify the minimum selling price of the said mattresses which may be manufactured under the provisions of this contract and sold or offered for sale, as hereinafter fully provided.



[fol. 128E] As written and rates figured April 11, 1923.

Iowa Territory

For St. Louis factory

Iowa is divided between three factories and that part which you will serve is outlined below.

All east of the Des Moines River and as far north as and including Allamakee, Clayton and Delaware Counties.

In Buchanan County, all south of but not including Winthrop, Independence and Jesup.

In Blackhawk County, all south of but not including Raymond, Waterloo, and Cedar Falls.

All of Grundy County.

In Hardin County, all south of but not including Ackley, Iowa Falls and Wilke.

In Hamilton County, all south of but not including Williams, Reinecker Webster City and Highview.

In Webster County, all east of the Des Moines River and south of but not including Dacomb, Judd and Gupsum, nor Ft. Dodge.

Des Moines to St. Louis.

Very truly yours, Sealy Mattress Co.

[fol. 129E]

## Salesman's Contract

THIS CONTRACT OF EMPLOYMENT, made and entered into by and between The Sealy Mattress Company, a department of the Sugarland Industries; (an association of Trustees, composed of I. H. Kempner and D. W. Kempner of Galveston County, Texas, and G. D. Ulrich and W. T. Eldridge, Jr., of Fort Bend County Texas, acting under that certain Declaration of Trust, dated January 1, 1919, a copy of which is deposited, for the information of all concerned, with the Texas Bank & Trust Company of Galveston, Texas), of Sugar Land, Fort Bend County, Texas, hereinafter referred to as the "Company" and

hereinafter referred to as "Salesman," provides,

I. In consideration of the respective advantages accruing to both parties hereto, and the mutual covenants and agreements hereinafter fully set forth, the salesman is to offer the goods of the company in the following described territory:

II. The salesman is to devote his entire time and attention, to faithfully promoting the interests of the company in the said territory, and give all of his energy and effort to soliciting the mattress business of every individual furniture dealer or concern now stocking or able to stock Sealy and Imperial products.

III. The salesman binds himself

- (A) to pay all traveling and other expenses attached to covering his said territory and visiting the trade at regular and reasonable intervals according to a two weeks route list supplied the Company Monday of each week.
- (B) to comply fully with the rules and instructions of the Company; whether specifically given or included in their sales manual for the information and guidance of their sales force.
- (C) to display the complete line and exhibit samples on every call.
- (D) to report in detail each call on regular forms provided.
- (E) to sell only the goods of the Company.

- (F) to engage in no other business claiming any portion of his time or attention.
- (G) to make his headquarters within his territory.
- (H) to report fully all dealer complaints, after a personal inspection if possible, but not to make any adjustments himself or to bind the company thereto except on written instructions from the company.
- (I) to supply credit department of the Company with all information requested or reasonably deemed necessary in passing intelligently on any first account or other order or accounts.
- (J) to return on the termination of this contract, his sales manual, tick book, celluloid photographic reproduction book and all other supplies constituting his salesman's outfit according to list hereto attached and made a part hereof.
- (K) to give to the company a \$5000.00 fidelity bond, premium upon which to be paid by the Company, for the faithful performance of his duties both expressed and reasonably implied by this contract, and the return or accounting for all property of the company whatsoever that may be supplied him for business purposes, or entrusted to him in carrying out the terms and provisions of this contract.

IV. The company binds itself to pay to the salesman, during the life of this contract a seven (7) percent commission on all personally taken orders on Sealy labeled products, accepted by the company and shipped into his territory, and five (5) percent commission on all Imperial labeled products, accepted by the company and shipped into his territory, both commissions additionally applying to all mail orders for above labeled products received from said territory, accepted by the company and shipped into his territory while and as long as the salesman is actively cultivating said territory, but not thereafter, but said commissions shall not apply to such orders as may be taken from time to time by residence or house-to-house solicitors, whose use and employment shall be wholly within the discretion of the company.

V. Said commissions are to be paid on or before the fifteenth (15th) day of each month as determined as earned by the salesman during the previous month, with all advances as hereinafter provided for first deducted, but with the company reserving the right to charge back to the salesman at its option any commissions that may have been credited on orders refused or rejected by buyers by reason of incorrectly taken, unauthorized or unsigned orders.

VI. The Company agrees to fill all orders it accepts with every possible dispatch and within operating and market conditions, but any failure on its part for any cause to do so shall not make it liable for any commissions to salesman beyond those commissions due for shipments actually made and goods accepted and retained by consignee. The company retains the right to pass upon all credits, and to reject all orders submitted by salesman which they may not care to accept on account of credit risk or for any other reason.

VII. The company will advance the salesman \_\_\_\_\_ a week against earned and unearned but anticipated commissions, which sum can be varied as found advisable by the company in keeping with conditions and the earnings of the salesman.

VIII. It is definitely agreed, however, by the parties hereto and specifically acknowledged by the salesman as binding that if at any time during the terms of this contract the company shall advance to him any money in excess of his earnings, such advance shall be considered as a loan and as a personal obligation to be repaid on demand of the Company if provisions of paragraph II and Section E—paragraph III have not been complied with.

[fol. 130E]

L. E. Isaack.

Sealy, St. Paul

Iowa

In reply to your telegram of today, we will give you below copy of the outline.

All north of but not including Allamakee, Clayton and Delaware Counties.

In Buchanan Co., all north of and including Winthrop, Independence & Jesup.

In Blackhawk County, all north of and including Raymond, Waterloo and Cedar Falls.

None of Grundy Co.

In Hardin County, all north of and including Ackley, Iowa Falls & Wilke.

In Hamilton Co., all north of and including Williams, Reinecker, Webster City and Highview.

In Wester Co., all north of and including Dacomb, Judd, Telpum and Fort Dodge and Tara.

In Calhoun County, all north of and including Knierim, Richards, Rockwell City and Lavinia, on the I. C. Ry.

In Sac County, north of and including Lytton, Sac City, Early and Schaller.

In Ida Co., all north of and including Galva, Halstein & Cushing.

In Woodbury Co., all north of and including Correctionville, Noville Bronson, Sargents Bluffs and Sioux City.

Very truly yours, Sealy Mattress Company

LEI



[fol. 131E]

## Salesman's Contract

THIS CONTRACT OF EMPLOYMENT, made and entered into by and between The Sealy Mattress Company, a department of the Sugarland Industries, (an association of Trustees, composed of I. H. Kempner and D. W. Kempner of Galveston County, Texas, and G. D. Ulrich and W. T. Eldridge, Jr., of Fort Bend County Texas, acting under that certain Declaration of Trust, dated January 1, 1919, a copy of which is deposited, for the information of all concerned, with the Texas Bank & Trust Company of Galveston, Texas), of Sugar Land, Fort Bend County, Texas, hereinafter referred to as the "Company" and

hereinafter referred to as "Salesman," provides,

I. In consideration of the respective advantages accruing to both parties hereto, and the mutual covenants and agreements hereinafter fully set forth, the salesman is to offer the goods of the company in the following described territory:

II. The salesman is to devote his entire time and attention, to faithfully promoting the interests of the company to soliciting the mattress business of every individual furniture dealer or concern now stocking or able to stock Sealy and Imperial products.

III. The salesman binds himself

- (A) to pay all traveling and other expenses attached to covering his said territory and visiting the trade at regular and reasonable intervals according to a two weeks route list supplied the Company Monday of each week.
- (B) to comply fully with the rules and instructions of the Company; whether specifically given or included in their sales manual for the information and guidance of their sales force.
- (C) to display the complete line and exhibit samples on every call.
- (D) to report in detail each call on regular forms provided,
- (E) to sell only the goods of the Company.
- (F) to engage in no other business claiming any portion of his time or attention.

- (G) to make his headquarters within his territory.
- (H) to report fully all dealer complaints, after a personal inspection if possible, but not to make any adjustments himself or to bind the company thereto except on written instructions from the company.
- (I) to supply credit department of the Company with all information requested or reasonably deemed necessary in passing intelligently on any first account or other order or accounts.
- (J) to return on the termination of this contract, his sales manual, tick book, celluloid photographic reproduction book and all other supplies constituting his salesman's outfit according to list hereto attached and made a part hereof.
- (K) to give to the company a \$5000.00 fidelity bond, premium upon which to be paid by the Company, for the faithful performance of his duties both expressed and reasonably implied by this contract, and the return or accounting for all property of the company whatsoever that may be supplied him for business purposes, or entrusted to him in carrying out the terms and provisions of this contract.

IV. The company binds itself to pay to the salesman, during the life of this contract a seven (7) percent commission on all personally taken orders on Sealy labeled products, accepted by the company and shipped into his territory, and five (5) percent commission on all Imperial labeled products, accepted by the company and shipped into his territory, both commissions additionally applying to all mail orders for above labeled products received from said territory, accepted by the company and shipped into his territory while and as long as the salesman is actively cultivating said territory, but not thereafter, but said commissions shall not apply to such orders as may be taken from time to time by residence or house-to-house solicitors, whose use and employment shall be wholly within the discretion of the company.

V. Said commissions are to be paid on or before the fifteenth (15th) day of each month as determined as earned

by the salesman during the previous month, with all advances as hereinafter provided for first deducted, but with the company reserving the right to charge back to the salesman at its option any commissions that may have been credited on orders refused or rejected by buyers by reason of incorrectly taken, unauthorized or unsigned orders.

VI. The Company agrees to fill all orders it accepts with every possible dispatch and within operating and market conditions, but any failure on its part for any cause to do so shall not make it liable for any commissions to salesman beyond those commissions due for shipments actually made and goods accepted and retained by consignee. The company retains the right to pass upon all credits, and to reject all orders submitted by salesman which they may not care to accept on account of credit risk or for any other reason.

VII. The company will advance the salesman \_\_\_\_\_ a week against earned and unearned but anticipated commissions, which sum can be varied as found advisable by the company in keeping with conditions and the earnings of the salesman.

VIII. It is definitely agreed, however, by the parties hereto and specifically acknowledged by the salesman as binding that if at any time during the terms of this contract the company shall advance to him any money in excess of his earnings, such advance shall be considered as a loan and as a personal obligation to be repaid on demand of the Company if provisions of paragraph II and Section E—paragraph III have not been complied with.

[fol. 132E] Buffalo factory territory outline for *Pennsylvania*

N. Y. on another sheet

The following section of Pennsylvania is to be supplied by that factory

In Crawford County:

Beaver Center, Conneautville Station, Conneautville, Norrisville, Hayfield, Guys Mills, Fauncetown, and on to Southeast County line, taking in Titusville.

All of Warren, McKean and Potter Counties.

In Lycoming County:

all towns north of but not including Jersey shore Junction, Jersey Shore, Level, Linden, Newberry Junction and newberry. That is, all towns north of Jersey Shore Junction on the New York Central will be served by you, but not those towns north of, nor Williamsport, on the Pennsylvania.

All of Tioga County.

[fol. 133E] The Buffalo factory serves the following in *New York* state

The territory adjacent to Bualo in New York, and according to the outline below is to be served from that factory.

All of Broome, Chenango, Madison Counties.

All towns directly west of but not including the town of Herkimer in Herkimer County, and all towns on D. L & W railway in Southern part of Herkimer County. That is, the towns of Richfield Springs, Millers Mills, Winfield, etc.

All of Oneida County except towns on New York Central and intermediate points of Prospect Junction, Remsen, Delavan, Freeport Station, Anos, White Lake and Otter. These are on the New York Central leading out of Herkimer.

All of Lewis and Stillwater Counties.

Very truly yours, Sealy Mattress Company.



[fol. 134E] SEALY CORPORATION TERRITORY

### New Orleans Factory

#### Louisiana

The entire State of Louisiana south of the V. S. & P. Railway, running from Shreveport east across the State, Mississippi

All of the State south of but not including those points on the A. & V. Ry. That is, all south of Vicksburg & Meridan.

#### Alabama

All of Mobile, Baldwin, Washington, Choctaw, Marengo, Clarke and Escambia Counties, and part of Monroe, Wilcox and Conecuh Counties.

#### Florida

All of Escambia, Santa Rosa, Okaloosa, Walton, Holmes, Washington, Bay, Taylor, Citrus, Pinellas, Manatee, Jackson, Gadsden, Calhoun, Liberty, Franklin, Wakulla, Leon, Jefferson, Hernando, Pasco, Hillsborough, DeSoto, Lee, and part of LaFayette, Levy and Polk Counties.

In stating "part" of counties, we mean to convey that approximately half of the county mentioned comes under the outline, and always towns on railroads nearest to the factory point.

### Mebane North Carolina Factory

#### North Carolina

The entire State

#### South Carolina

All of the State with the exception of these counties. Abbeville, Aiken, Anderson, Asper, Berkeley, Beaufort, Bamberg, Barnwell, Charleston, Colleton, Dorchester, Edgefield, Greenwood, Hampton, Oconee, Pickens, McCormick.

## Tennessee

All of Johnson, Sullivan, Carter, Unicoi, Granger, Washington, Greene, Hawkins and Hancock Counties.

## Virginia.

The towns of Danville and Martinsville only.

### Richmond Virginia, Factory

This factory also holds contract covering Baltimore territory, which is included below.

## Virginia

All the State with the exception of towns of Danville and Martinsville.

## Kentucky

All of Pike County.

## West Virginia

Jefferson, Berkeley, Pacahontas, Greenbrier, Fayette, Raleigh, Wyoming, McDowell, Mercer, Monroe and Sum-[fol. 135E] mers Counties. Half of Mingo, Logan and Nicholas Counties.

## Pennsylvania

All of Fulton, Franklin, Perry, Cumberland, Adams and York Counties, and half of Juniata and Huntingdon.

## Maryland

All of this state with the exception of that part west of the towns of Hancock, and all on line with Berkley Springs, W. Va.

### Brooklyn Factory

## New Jersey

All of the Counties of Susses, Warren, Morris, Passaic, Bergen, Essex, Hudson, Union, Middlesex and half of Sommerset, Hunterdon and Monmouth Co.

## New York State

All of Suffolk, Nassau, Westchester, Rockland, Orange, Ulster, Dutchess, Putnam, Delaware, Greene, Columbia, Rensselaer, Albany Schoharie, Otsego, Montgomery, Fulton, Herkimer and Hamilton Counties, also all of Schenectady County. South half of Saratoga County.

## Connecticut

All of Litchfield, Fairfield, New Haven, Hartford, Middlesex Counties.

Half of Tolland and New London Counties.

## Massachusetts

Berkshire County. Western half of Hampshire and Hampden Counties.

## Boston Factory

## New York State

All of Clinton, Franklin, Essex, Warren and Washington Counties. Northern Half of Saratoga County.

## Rhode Island

This entire State

## Connecticut

All of Windham Co. and eastern halves of Tolland and New London Counties.

## Massachusetts

All of Nantucket, Dukes, Barnstable, Plymouth, Bristol, Norfolk, Middlesex Essex, Worcester and Franklin. Eastern halves of Hampshire and Hampden Counties.

All of these States. Main, Vermont, New Hampshire.

## Cleveland, O. Factory

Counties of Ashtabula, Lake, Geauga, Trumbull, Portage, Stark, Summit, Cuyahoga, Lorain, Medina, Wayne, Holmes, Coshocton, Licking, Perry, Mairfield Hocking,

Ross, Pickaway, Madison, Union, Marion, Wyandot Seneca, Eric, Huron Crawford, Morrow, Richland, Knox, Ashland, Delaware, Perry, Franklin, Hocking.

[fol. 136E] Half of Sandusky, Hancock and Marion Counties. Half of Logan, Champaign, Clark and Mahoning Counties.

There are other counties divided that belong to this factory to Ohio but their division is so written up that we do not think it will amount to much in your calculation and for that mater are giving only the ones above.

### Pittsburgh, Pa. Factory

#### State of Ohio

Counties of Adams, Scioto, Lawrence, Balliam Meigs, Jackson, Pike, Vinton, Athens, Washington, Morgan, Noble, Monroe, Guernsey, Blémont, Jefferson, Harrison, Columbiana.

Half of Mahoning, Carroll, Tuscamawas, Muskingum Counties.

#### Pennsylvania

All of Greene, Washington, Allegheny, Beaver, Lawrence, Mercer, Butler, Venango, Forest, Clarion, Armstrong, Westmoreland, Fayette, Somerset, Bedford, Blair, Cambria, Indiana, Jefferson, Elk, Cameron, Clearfield, Clinton, Center, Union, Snyder Counties.

Half of Huntingdon, and Mifflin County, and Crawford county.

#### Maryland

All west of but not including town of Hancock.

#### West Virginia

Counties of Hancock, Broome, Ohio, Marshall, Wetzel, Monogalia, Preston, Marion, Taylor Harrison, Tyler, Pleasant, Dooridge, Lewis, Barbour, Upshur, Tucker, Mineral, Hampshire, Morgan.

## Indianapolis Factory

West Va. counties of Wayne, Cabel, Mason, Jackson, Putnam, Lincoln, Roane, Wirt, Wood.

### Kentucky

All counties east of the following ones, with the exception of Pike, which is the only county in Kentucky that goes to Richmond.

Allen, Barren, Hart, Larue, Nelson, Bulpitt, Jefferson, Washington.

### Ohio

Counties of Brown, Highland, Clermont, Hamilton, Butler, Warren Clinton, Greene, Montgomery, Preble, Darke, Miami, Shelby.

Half of Mercer, Auglaize, Logan, Champaign and Clark Counties.

### Indiana

All the State with the exception of Steuben and DeKalf Counties, and half of LaGrange, Noble and Allen Counties.

The factory in St. Louis and Chicago also operate under the direction of the Indianapolis factory and we are therefore including all their territory now under Indianapolis factory, and not setting the specific lines because it appears unnecessary. If you desire, specific lines will be sent for each factory however.

[fol. 137E] Illinois

All of this State

### Michigan

The Counties of Berrien, Cass, Saint Joseph, Branch, Van Buren, Kalamazoo, Allegan.

### Michigan

Half of Ottawa Barry and Calhoun Counties.



## Wisconsin

All south and southeast of the following counties, and inclusive of them. Vernon, Juneau, Adams, Porgage, Shawano, Oconto and Marinette. Half of these counties. LaCrosse, Monroe, Wood, Marathon, Forest and Langlade.

## Iowa

All east of the Des Moines River and as far north of on the east side of the river as Webster County. Then, east, inclusive of these counties, and all south of them. Hamilton, Hardin, Grundy, Blackhawk, Buchana, Allemakee, Clayton and Delaware Counties.

## Missouri

All east of but not including Schuyler, Adair, Macon, Randolph, Howard, Hooper, Moniteau, Morgan, Camden, LaCleve, Texas and Howell Counties.

Also, not including Oregon, Ripley, Butler, Stoddard, New Madrid and Mississippi Counties.

## St. Paul Factory

All of the States of S. Dakota, North Dakota and Minnesota.

## Iowa

These counties. Lyon, Osceola, Dickenson, Emmet, Kosuth, Winnebago, Worth Mitchell, Howard, Winneshiek, Fayette, Chickasha, Bremer, Butler, Franklin, Floyd, Cerro gordo, Hancock Wright, Humboldt, Pocahontas, Palo Alto, Buena Vista Clay, Cherokee, Plymouth, Sioux O'Brien.

## Wisconsin.

All that part of the State not specified for the Indianapolis outline at the top of this page.

## Kansas City Factory

### Iowa

The remaining counties, which will be those not specified in the above two outlines.

### Nebraska

All of this State, with the exception of Sioux, Scotts Bluff, Banner, Kimball Cheyenne, Morrill, Box Butte, Dawes, Garden, Deuel, Dundy, Chas. Perkins, and half of Sheridan and Keith Counties.

### Kansas

All of this State with the exception of Stanton, Hamilton [fol. 138E] Greeley, Wallace, Sherman, Thomas, Logan, Wichita and Kearney Counties.

### Missouri

Ozark, Douglas, Texas, Wright, Webster, Dallas, Camden, Morgan, Moniteau, Cooper, Howard, Randolph, Macon, Sullivan, Putman Counties, and all west of them.

## Little Rock Factory

### Arkansas

All this state with the exception of Lee County, and half of these. Crittenden St. Francis, Monroe and Phillips.

### Louisiana

That part of the State not specified for New Orleans. That is, all points on and north of the V. S. & P. Railway, adjacent to Arkansas.

## Memphis Factory

### Arkansas

All of Lee County and half of these counties. Crittenden, St. Francis, Monroe and Phillips.

## Missouri

Oregon, Ripley, Butler, Stoddard, New Madrid, Mississippi, Premiscot and Dunklin Counties.

## Kentucky

Louisville and the following counties, and all west of them. Allen, Barren Hart, Larue, Nelson Bulpitt, Jefferson Washington.

## Tennessee

Sumner, Davidson, Williamson, Maury and Lawrence Counties, and all west of them.

## Mississippi

All points on the A. & V. Railroad and north of it, adjacent to Memphis. That is, the part of the state not covered by New Orleans.

## El Paso Factory

### Texas

Valverde County, Crockett, Upton, Midland, Ector, Winkler and all counties west of these.

### New Mexico

Valencia, Bernalillo, Torrance, Quadalupe, and Quay Counties, and half of San Migel, Santa Fe, Andoval and McKinley Counties.

### Arizona

All of Arizona with the exception of Yuma and Mohave Counties, and half of Yavapia County.

[fol. 139E]                      Denver Factory

All of Colorado

### New Mexico

That part of the State not specified for the El Paso factory.

**Kansas**

That part of the State not given to Kansas City.

**Nebraska**

That part not given to Kansas City.

**Wyoming**

All of Laramie, Platte, Goshen, Niobaara, Weston, Crook, Converse, Albany, Carbon, Natrona Counties. Half of Sweetwater and Fremont Counties.

**Salt Lake City Factory**

All of the State of Utah.

**Wyoming**

That part of the State not given to Denver.

**Nevada**

All of Elko, White Pine, Eureka, Lander, Humboldt Counties. Half of Washoe Churchill and Lincoln Counties.

**Idaho**

Fremont, Teton, Jefferson, Butte, Minidoka, Powers, Bingham, Bonneville, Hancock, Bear Lake, Franklin, Oneida, Cassia, Twin Falls and Owyhee Counties. Half of Canyon, Ada, Elmore, Gooding and Lincoln Counties.

**Los Angeles Factory**

This factory operates a branch in San Francisco, and between the two plants they serve the entire state of California.

That part of Nevada not specified for the Salt Lake City factory.

That part of Arizona not specified for El Paso.

### Tigard Oregon Factory

All the State of Washington and Oregon and Montana. between the two plants they serve the entire State of Cali- However, the Los Angeles factory expects to open a plant in Seattle, at which time we will advise you.

### Oklahoma City Factory

#### Texas

All north of and including these counties. Cochran, Hockley, Lubbock, Crosby, Dickens, King, Knox Taylor, Archer, Clay.

All of Oklahoma.

[fol. 140E]

### Detroit Factory

#### Michigan

That part of the State not covered by the outline given under heading of Indianapolis factory.

#### Indiana

That small portion not covered by the Indianapolis factory. That is, Steuben & DeKalf Counties, and half of La-Grange, Noble and Allen Counties.

#### Ohio

Williams, Fulton Lucas, Ottawa, Defiance, Henry, Wood, Paulding, Putnam, Van Wert, Allen Counties, and Sandusky County. Half of Mercer and Auglaize.

#### Sugar Land

All of Texas except that listed for Oklahoma City and El Paso.

[fol. 141E]

### Territory Specifications

State of Louisiana and certain counties in Mississippi and Alabama where L.C.L. freight rates from New Orleans to local points are lower than ones applying from Birmingham or Memphis.



### Atlanta

Georgia, Florida and to points in Alabama, Tennessee and South Carolina at which lower freight rates are effective on shipments from New Orleans, Memphis, Louisville and Mebane, North Carolina.

### Mebane

All North Carolina and such portions of South Carolina, Tennessee and Virginia where Mebane freight rates are lower than those applying from Atlanta, Memphis or Richmond.

### Richmond

Richmond and all adjacent territory in every direction until Richmond railroad freight rates meet lower ones from Mebane, Louisville, Cincinnati, Pittsburgh and Baltimore.

### Baltimore

Baltimore and Washington D. C., and adjacent territory in all directions to points at which lower freight rates are effective on shipments from Richmond, Va., Pittsburgh, Pa., and Philadelphia.

### New York City

Metropolitan New York and territory extending in all directions to points at which lower freight rates are effective on shipments from Philadelphia, Pittsburgh, Buffalo and Boston.

### Boston

All New England, that is, Maine, New Hampshire, Vermont, Massachusetts, Rhode Island and Connecticut except such portions if any of Vermont and Rhode Island and such portions Connecticut and Mass., where Buffalo and New York City railroad rates are lower than those from Boston.

### Buffalo

Buffalo and adjacent territory in every direction until encountering lower railroad freight rates from Boston, New York City, Pittsburgh and Cleveland—that is, lower than those of Buffalo's. Definitely defined territory later advised.

### Cleveland

Cleveland and adjacent territory in all directions until meeting lower railroad freight rates from Buffalo, Pittsburgh, Cincinnati, Indianapolis and Detroit. More definitely defined territory later advised.

### Pittsburgh

Pittsburgh and territory in all directions to points at which lower freight rates are effective on shipments from Cleveland, Cincinnati, Mebane, N. C., Richmond, Va., Baltimore, Philadelphia and Buffalo, New York.

### Indianapolis

No specifications.

### Detroit

Detroit and all adjacent territory in every direction until [fol. 142E] meeting lower railroad freight rates from Cleveland, Cincinnati, Indianapolis, and Chicago. More definitely defined territory later advised.

### St. Paul

States of Minnesota, North Dakota, South Dakota, Iowa, Wisconsin and Montana, except where lower freight rates apply from the Cities of Milwaukee, Omaha, Des Moines and Butte, Montana.

### Chicago

Chicago and adjacent territory extending to points at which lower freight rates are effective on shipments from Detroit, Milwaukee, St. Louis and Indianapolis.

**Little Rock**

All Arkansas except Jonesboro and Paragould.

**Memphis**

Territory adjacent Memphis and East of Mississippi River in the States of Tennessee, Mississippi, Alabama, Georgia and Kentucky, West and South of Louisville, Kentucky, inclusive, to points at which lower freight rates are effective on shipments from New Orleans, Atlanta, Mebane, N. C., and St. Louis; also Jonesboro and Paragould, Arkansas, and territory East of Doniphan Missouri and South of Delta, Missouri.

**El Paso**

El Paso and adjacent territory in every direction until meeting lower railroad freight rates from Los Angeles, California, Denver, Colorado, Sugar Land, Texas, Dallas and Fort Worth, Texas and Chihuahua, Mexico.

**Denver**

Denver and all points from Denver having lower freight rates than shipments from Omaha, Kansas City, Oklahoma City, El Paso, Salt Lake City and Butte, Montana.

**Salt Lake City**

Salt Lake City and adjoining territory in every direction to points at which lower railroad freight rates are effective from Denver, El Paso, Texas, Los Angeles, San Francisco, Portland and Butte, Montana.

**San Francisco**

San Francisco and territory in all directions to points at which lower freight rates are effective on shipments from Los Angeles, Salt Lake City, Denver, Butte, Montana and Portland, Oregon.

[fol. 143E]

THE SEALY CORPORATION  
National and Railroad Sts.  
Houston, Texas

Houston—Jan. 21st, 1928

## Boston Territory

Boston Sealy territory comprises the following, subject to the first class LCL freight rate in effect January 1st, 1926: (That is, fixed rule for establishing boundary where territories meet)

## The States of Maine

New Hampshire  
Vermont  
Rhode Island

Plus the following Counties in New York state:

Franklin  
Clinton  
Essex

Warren  
Saratoga  
Washington

Plus that portion of Massachusetts lying East (or North) of the following Counties in Massachusetts:

Monroe  
Florida  
Savoy  
Plainfield  
Cummington  
Goshen  
Williamsburg  
Hatfield

Hadley  
Pelham  
Prescott  
Enfield  
Ware  
Palmer  
Brunfield  
Holland

Plus that portion of Connecticut lying East of the following Counties in Connecticut

Enfield  
E. Windsor  
S. Windsor  
Manchester  
Glastonburg  
Marlborough

E. Hampson  
E. Haddon  
Chester  
N. Saybrook  
Essex  
S. Saybrook

[fol. 144E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 29

Houston, Tex. 8-14-26

Minutes of Executive Committee Meeting, July 7th, 1926.

\* \* \* \* \*

7. The question of territory between Tigard and Seattle was thoroughly discussed, all members regretting the absence of Mr. Bowersox.

8. The territory dividing line between Seattle and Tigard was submitted by Mr. Bonesteele, who presented documents and agreements between the Tigard and Seattle factories, made by Mr. Wilder, sales manager for the Seattle factory interests, showing an agreement between them had been reached. As a precedent had been established by allowing the various factories to adjust territories between themselves. The Committee voted the territory arrangement settled unless Mr. Bowersox could prove Mr. Wilder had not the authority to make said agreement.

[fol. 145E] 9. Motion was made, seconded and carried to eliminate Butte as a factory point, dividing that territory by mutual agreement between St. Paul, Denver, Seattle and Tigard. In Mr. Bowersox absence, Mr. King was appointed by the committee to represent him and the following allotments were determined:

10. Seattle to serve all the territory covered by the Northern Line of the Great Northern Ry. until meeting St. Paul lower freight rate at Adams. St. Paul to serve all the territory east of vertical line through Adams and Columbus, including those towns (unless the freight rate divided at Billings when said line would run through that point instead of Columbus). Denver to serve all the territory West of St. Paul's line and south of Seattle's, since Mr. Bonesteele felt he could not profitable work the territory served by the Northern Pacific Ry., (which otherwise would have been Tigard's territory).

\* \* \* \* \*



[fol. 146E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 31-A

STATE OF DELAWARE

Office of Secretary of State

I, CHARLES H. GRANTLAND, Secretary of State of the State of Delaware, Do Hereby Certify, that the above and foregoing is a true and correct copy of Certificate of Incorporation of the "Sealy, Incorporated", as received and filed in this office the twenty-second day of August, A. D. 1933, at 1 o'clock P. M.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal, at Dover, this twenty-second day of August, in the year of our Lord one thousand nine hundred and thirty three.

Charles H. Grantland, Secretary of State.

Secretary's Office, 1855 Delaware-1793.

Received for Record this twenty-third day of August,  
A. D. 1933.

Albert Stetser, Recorder.

[fol. 147E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 31-B

By-Laws of Sealy, Incorporated

\* \* \* \* \*

[fol. 148E] Meetings of Stockholders

4. All meetings of stockholders shall be held at the office of the corporation in the City of Houston, State of Texas.

The annual meeting of stockholders shall be held on the first Monday in November in each year, beginning in the year 1934, (if that day fall on a legal holiday, then on the next day following) at two o'clock in the afternoon, at which meeting they shall elect by ballot, by plurality vote, a board of directors.

\* \* \* \* \*

[fol. 149E] Each stockholder shall, at every meeting of the stockholders, be entitled to one vote in person or by written proxy, signed by him, for each share of voting stock held by him, but no proxy shall be voted on after three years from its date, unless it provides for a longer period, but such right to vote shall be subject to the right of the board of directors to close the transfer books or to fix a record date for voting stockholders as hereinafter provided and if the directors shall not have exercised such right, no share of stock shall be voted on at any election for directors which shall have been transferred on the books of the corporation within twenty days next preceding such election.

\* \* \* \* \*

[fols. 150E-152E] Directors

5. The property and business of the corporation shall be managed and controlled by its board of directors, four in number.

The directors shall hold office until the next annual elec-

tion and until their successors are elected and qualified. They shall be elected by the stockholders, except that if there be a vacancy in the board by reason of death, resignation or otherwise, such vacancy shall be filled for the unexpired term by the remaining directors, though less than a quorum, by majority vote.

\* \* \* \* \*

[fols. 153E-154E] Executive and Other Committees

8. The board of directors may, by resolution of resolutions passed by a majority of the whole board, designate an executive committee and one or more other committees, each to consist of two or more of the directors of the corporation.

\* \* \* \* \*

[fols. 155E-160E] Officers of the Corporation

10. The officers of the corporation shall be a president, one or more vice-presidents, a secretary, a treasurer, counsel and such other officers as may from time to time be chosen by the board of directors. The president and vice-presidents shall be chosen from among the directors.

\* \* \* \* \*

The officers of the corporation shall hold office until their successors are chosen and qualify in their stead. Any officer elected or appointed by the board of directors may be removed either with or without cause at any time by the affirmative vote of a majority of the whole board of directors. If the office of any officer or officers becomes vacant for any reason, the vacancy shall be filled by the affirmative vote of a majority of the whole board of directors.

\* \* \* \* \*

[fol. 161E] Dividends

23. Dividends upon the capital stock may be declared by the board of directors at any regular or special meeting and

may be paid in cash or in property or in shares [fol. 162E] of the capital stock. Before paying any dividend or making any distribution of profits, the directors may set apart out of any of the funds of the corporation available for dividends a reserve or reserves for any proper purpose and may alter or abolish any such reserve or reserves.

\* \* \* \* \*

[fol. 163E] Amendments of By-Laws

28. These by-laws may be amended, altered, repealed or added to at any regular meeting of the stockholders or board of directors or at any special meeting called for that purpose, by affirmative vote of a majority of the stock issued and outstanding and entitled to vote or by a majority of the whole authorized number of directors, as the case may be.

[fols. 164E-165E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 31-D

Amended By-Laws of Sealy, Incorporated

These amended By-Laws of Sealy Incorporated adopted regularly at the special meeting of the Board of Directors of the Corporation, held the 12th day of June, 1936 at St. Louis, Missouri.

Witness as to both:

H. E. Wolf, President. Earl H. Bergmann.

\* \* \* \* \*

[fol. 166E] Meetings of Stockholders

4. Meetings of the stockholders shall be held at the office of the corporation in the City of Pittsburgh, State of Pennsylvania, or at such other place or places as the board of directors may, from time to time, designate.

Unless the board of directors shall set a different time, the annual meeting of stockholders shall be held on the second Friday in January in each year (if that day fall on a legal holiday, then on the next business day following) at two o'clock in the afternoon, at which meeting or an adjournment thereof they shall elect by ballot, by plurality vote, a board of directors.

No change of the time or place of a meeting for the election of directors, as fixed by the by-laws, shall be made within sixty days next before the day on which such election is to be held. In case of any change in such time or place for such election of directors, notice thereof shall be given to each stockholder in person, or by letter mailed to his last known post office address, at least twenty days before the election is held.

Each stockholder shall, at every meeting of the stockholders, be entitled to one vote in person or by written proxy, signed by him, for each share of voting stock held by him, but no proxy shall be voted on after three years from its date, unless it provides for a longer period, but such right to vote shall be subject to the right of the board



of directors to close the transfer books or to fix a record [fol. 167E] date for voting stockholders as hereinafter provided and if the directors shall not have exercised such right, no share of stock shall be voted on at any election for directors which shall have been transferred on the books of the corporation within twenty days next preceding such election.

Special meetings of the stockholders may be called by the president, and shall be called on the request in writing or by a vote of a majority of the board of directors or on demand in writing of stockholders of record owning a majority in amount of the capital stock outstanding and entitled to vote.

Notice of all meetings shall be mailed to each stockholder of record at his or her last known post office address for annual meetings twenty days and for special meetings ten days prior thereto.

The holders of a majority of the stock outstanding and entitled to vote shall constitute a quorum, but the holders of a smaller amount may adjourn from time to time without further notice until a quorum is secured.

#### Directors

5. The property and business of the corporation shall be managed and controlled by its board of directors consisting of eight directors.

The directors shall hold office until the next [fols. 168E-176E] annual election and until their successors are elected and qualified. They shall be elected by the stockholders, except that if there be a vacancy in the board by reason of death, resignation or otherwise, such vacancy shall be filled for the unexpired term by the remaining directors, though less than a quorum, by majority vote.

No person shall be elected a director unless he shall be a representative of a stockholder of the corporation which stockholder shall have in effect with the corporation a contract designated "Manufacturer's Contract" granting to such stockholder the right to manufacture and sell Sealy Products under certain conditions. If at any time any director shall cease to represent such a stockholder, his office shall automatically become vacant.

The board of directors may at any time, by amendment

of the by-laws, increase the number of its members and may elect additional members to fill the offices so created, who shall hold office until the next annual meeting of the stockholders and until their successors are elected and qualified.

[fols. 177E-178E] Limitation upon ownership of Stock

21(a). No Licensee of this corporation, nor any stockholder of a corporation which is a Licensee, nor a member of a partnership which is a Licensee may, directly or indirectly own or control more than 38% of the Common Stock of this corporation. This provision of the By-Laws may not be altered, amended, or abrogated except by the affirmative vote of all of the stock issued and outstanding and entitled to vote.

[fols. 179E-181E] Notices

26. Notice required to be given under the provisions of these by-laws to any director, officer or stockholder shall not be construed to mean personal notice, but may be given in writing by depositing the same in a post office or letter-box, in a post-paid sealed wrapper, addressed to such stockholder, officer or director at such address as appears on the books of the corporation, and such notice shall be deemed to be given at the time when the same shall be thus mailed.

Waiver of Notice

27. Any stockholder, officer or director may waive, in writing, any notice required to be given under these by-laws, whether before or after the time stated therein.

Amendments of By-Laws

28. These by-laws may be amended, altered, repealed or added to at any regular meeting of the stockholders or board of directors or at any special meeting called for that purpose, by affirmative vote of a majority of the stock issued and outstanding and entitled to vote or by a majority

the Pittsburgh office with the necessary patent or trademark numbers so that copies could be obtained from Washington. The Pittsburgh office is then to go over these very carefully and endeavor to devise combination patents and trademarks from the lot. Mr. Wolf emphasized that this cooperation, on the part of the factories, might be of material assistance in the development of a light innerspring unit. Mr. Wolf suggested that all factories give some thought to this innerspring unit, and have their mechanical departments work out some ideas, as the combination of such a unit with Nukraft would be a tremendous impetus to Sealy sales.

[fols. 204E-210E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 33

Minutes of Sealy meeting, Akron, Ohio—August 7th through August 9th, 1936.

. . . . .

[fols. 211E-212E] Mr. J. R. Haas made the recommendation that the group no longer recognize Mr. E. C. Haas as a member of the Board of Directors since, under the By-Laws, his office on the Board of Directors became vacant upon transfer of the Kansas City territory.

Mr. Cady made a motion that Mr. Charles H. Friedberg be recognized as the owner of ten shares of Sealy, Incorporated stock even though the transfer of the said stock has not been made of record. Mr. Stein seconded the motion. Question. Unanimously approved.

Mr. Haas nominated Mr. Friedberg as a member of the Board of Directors of Sealy, Incorporated. Mr. Cady seconded the motion. Mr. Cady moved that nominations be closed and that a unanimous vote be cast for Mr. Friedberg. The Secretary was instructed to cast the ballot. Approved by the directors unanimously.

. . . . .

[fol. 213E] Mr. Rosenfeld was then requested to enlarge on the changed set-up proposed by Mr. Wolf. Mr. Rosenfeld said the present contract was excellent from a legal point of view, but that it failed to provide for nationwide expansion. Mr. Rosenfeld stated that no high grade manufacturer would like the designation "sub-manufacturer", nor the idea of 37½¢ out of each 50¢ royalty he paid going into the pocket of some member of the group, without any return for him. Mr. Rosenfeld said that the present Sealy program gave Sealy very little working capital, and that the unrelated distribution of Sealy territories was another serious flaw. He emphasized that new territories should be made available for prospects, which would be free and not allocated to any member, this re-allotment to be made either on the basis of population, or to follow the



of the whole authorized number of directors, as the case may be.

[fol. 182E] Amendments to By-Laws

New By-Law to be known as 21(a): Limitation Upon Owner of Stock:

No Licensee of this corporation, nor any stockholder of a corporation which is a Licensee, nor a member of a partnership which is a Licensee may, directly or indirectly own or control more than 38% of the Common Stock of this corporation. This provision of the By-Laws may not be altered, amended, or abrogated except by the affirmative vote of all of the stock issued and outstanding and entitled to vote.

New By-Law No. 28:

Except as specifically provided in any By-Law of this corporation these By-Laws may be amended, altered, repealed, or added to at any regular meeting of the stockholders or Board of Directors or at any special meeting called for that purpose, by affirmative vote of a majority of the stock issued and outstanding and entitled to vote or by a majority of the whole authorized number of Directors, as the case may be.



[fol. 183E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 31-E

Minutes of the 21st Semi Annual Meeting of Sealy, Incorporated, held at Lakeshore Drive Hotel, 181 Lakeshore Drive, Chicago, Illinois, July 12th and 13th, 1935.

1. Present:

J. R. Haas, Memphis, Tenn.  
 E. C. Haas, Kansas City, Mo.  
 L. G. Haas, Memphis, Tenn.  
 H. Gouldstone, Portland, Ore.  
 Nathan Dreeben, San Antonio, Tex.  
 Morris Stein, Denver, Colo.  
 H. E. Wolf, Pittsburgh, Pa.  
 E. H. Bergmann, Cleveland, Ohio  
 S. Ostrow, Fresno, Calif.  
 M. P. Cady, Portland, Ore.  
 E. E. Edwards, Houston, Texas

[fol. 184E] 6. The stockholders present in person or by proxy, were as follows:

1. E. E. Edwards (President), representing himself and Sealy Mattress Company of Texas, Houston, Texas.
2. J. R. Haas (Vice-President), representing U. S. Bedding Company, Memphis, Tennessee.
3. M. Stein (Treasurer), representing himself and M. Niernberg, d/b as Colorado Mattress Company, Denver, Colorado.
4. H. E. Wolf (Secretary), representing himself and Fort Pitt Bedding Company, Pittsburgh, Pennsylvania.
5. M. P. Cady, representing Sealy Mattress Company of Oregon, Portland, Oregon.
6. H. S. Gouldstone, also representing Sealy Mattress Company of Oregon, Portland, Oregon.
7. Earl H. Bergman, representing William H. Rosenfeld and Ohio Mattress Company, Cleveland, Ohio.

8. E. C. Haas, representing Imperial Mattress Company, Kansas City, Missouri.
9. L. G. Haas, also representing Imperial Mattress Company, Kansas City, Missouri.
10. S. Ostrow, representing Valley Bedding & Furniture Company, Fresno, California.
11. Thomas H. Cobbs of Cobbs & Logan, Counsel for the corporation, St. Louis, Missouri.

. . . . .

[fol. 185E] 11. The registering of trademarks, etc., was left to the executive officers to handle.

12. It was unanimously decided to have prepared two forms of contracts for the manufacture and sale of Sealy products in the various territories, No. 1 to be made with each of the present stockholders for the entire territory assigned to him; and No. 2 to be made with other factories selected by any stockholder within his territory for a part of his territory. The stockholder making the selection must be responsible for the factories selected and must sell to that factory some of his stock in this corporation so as to qualify that factory as a stockholder of this corporation and as one interested in its success.

13. It was decided to make said contracts for a term of ten years, with automatic renewal every ten years, unless cancelled by mutual agreement or for violation, to make the provisions strict and to provide for arbitration to determine when a contract should be terminated.

[fol. 186E] 14. The contract shall provide that the factory shall manufacture Sealy products in strict accordance therewith and in strict accordance with the specifications furnished for each article, and shall prescribe severe penalties and the right to cancel the contract for any violation.

15. Each manufacturer shall guarantee and agree to pay to this corporation a profit:

(a) On each mattress and each upholstered box spring priced by this company at \$19.75 or more before discounts and allowances, 50%.

(b) On each mattress and upholstered box spring priced

by this company at \$14.75 to \$19.75, before discounts and allowances, 25¢.

- (c) On each mattress and upholstered box spring priced by this Company at less than \$14.75, before discounts and allowances, 15¢.
- (d) On each studio couch, 25¢.
- (e) On each coil bedspring, 15¢.
- (f) On each other article such an amount as may be prescribed by the Board of Directors from time to time.

16. The stockholders to whom are assigned the large territories shall be responsible for the collection of these profits from others appointed in their respective territories and shall collect and remit on said profits to this corporation. For that service, they will be allowed 75% of all of said profits, but will pay 25% of all of said profits to this corporation.

[fol. 187E] 24. All of the stockholders were of the decided opinion that uniform names and uniform retail prices should be adopted.

25. The names agreed upon were as follows:

1. Sealy Tuftless	\$39.50
[fol. 188E] 2. Sealy Rest	\$39.50
3. Golden Hours	34.50
4. Natural Rest	29.50
5. Star Special (Hair-Cotton)	29.50
6. Truease	24.50
7. Fast Asleep	19.75

26. The group also proposed and approved names of mattresses that would bear Sealy labels but which could be sold at prices decided upon by any manufacturer.

The names approved were as follows:

- 1. Foot Ball
- 2. Biltmore
- 3. Empire

4. Blackstone
5. Drake
6. Plaza
7. Ambassador
8. Palace
9. Luxuria

There being no further business, the meeting was adjourned.

If, after reading the above minutes, you discover any errors, we will very much appreciate your calling same to the attention of the President, so proper corrections can be made.

Very truly yours, Sealy Incorporated, President.  
E. E. Edwards.

EEE:TB



[fol. 189E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 31-F

Minutes Sealy Meeting, Hotel Jefferson St. Louis, Mo.,  
June 12-13 1936

The meeting was called to order by the president, Mr. H. E. Wolf, and the following officers and directors were in attendance: Mr. H. E. Wolf, Mr. E. E. Edwards, Mr. J. R. Haas, Mr. Morris Stein, and Mr. E. H. Bergmann.

In addition to the attendance of the officers and directors, Mr. Charles Frieberg, who recently acquired the interest of Mr. Edgar Haas of the Kansas City Factory, was in attendance during the course of the entire meeting and his comments and experience was carefully considered and appreciated.

Mr. Mike Goldman and Mr. Lester Wolf, who is handling the legal matters of the corporation, also were present.

1. It was regularly moved by Mr. Morris Stein and seconded by Mr. J. R. Haas that specifications of standard Sealy Mattresses should be carefully checked and rewritten in accordance with the suggestions offered during the course of the discussion, particularly should they include the adoption of the Enchanted Nite Mattress containing two hundred and seventy-two coils or better or the same mattress could be made with woven wire cover containing not less than two hundred coils and to be finished either [fol. 190E] tuftless or tufted. Mr. J. R. Haas made a further motion to the effect that in the event the Enchanted Nite Mattress was made tuftless that it should be termed "style W", specifications to be effective September the 1st, 1936, and same to be written by Mr. H. E. Wolf of Pittsburgh and copies to be mailed to all of the respective Sealy Plants.

Motion carried unanimously.

2. It was regularly moved by Mr. E. E. Edwards and seconded by E. H. Bergmann to eliminate the use of woven wire from the Super Sealy Rest and to substitute NuKraft therefor.

Motion unanimously carried.



3. It was regularly moved by Mr. J. R. Haas and seconded by Mr. Morris Stein that the corporation be authorized to prepare seven mat books, same to be paid by the corporation and distributed among the Sealy Factories.

Motion unanimously carried.

4. A long educational and exacting discussion was had relative to the advisability of the use of Sisal in Sealy numbers and after a lengthy debate and discussion regarding same upon motion by Mr. J. R. Haas and seconded by Mr. Morris Stein it was unanimously decided to permit the rewriting of standard Sealy Mattresses in the lower [fols. 191E-192E] brackets to include in the specifications the use of Sisal.

[fol. 193E] 11. Upon motion by Mr. E. H. Bergmann and seconded by Mr. Morris Stein unanimous adoption of the following resolution was ordered.

Resolved: That the books, accounts, and records of the corporation shall be kept at the office of the Corporation in Pittsburgh until further action of the Board.

[fols 194E-195E] 15. Upon motion by Mr. J. R. Haas and seconded by Mr. E. E. Edwards the following amendments to the By-laws of the corporation were adopted as follows:

A. The second paragraph of Article #2 reading: The corporation may also have an office or offices in the city of Houston, State of Texas, and such other places as the Board of Directors may designate, to read, The Corporation may also have an office or offices in the city of Pittsburgh, State of Pennsylvania, and at such other places as the Board of Directors may from time to time designate.

[fols. 196E-197E] No person shall be elected a director unless he shall be a representative of a stockholder of the corporation which stockholder shall have in effect with the corporation a contract designated "Manufacturer's Contract" granting to such stockholder the right to manufacture and sell Sealy Products under certain conditions. If at any time any director shall cease to represent such a stockholder, his office shall automatically become vacant.

. . . . .

[fol. 198E] 18. Mr. E. E. Edwards stated in a very excellent manner the appreciation of the Sealy Corporation to Mr. Cobb for his years of faithful service and that due to the result of the election of Mr. H. E. Wolf to the corporation presidency and his office being located in Pittsburgh, Pennsylvania, that it would be necessary to have legal talent in Pittsburgh to handle many of the sundry legal matters that constantly arise in a corporation's procedure of business and particularly so at the present time in regard to Sealy Incorporated who at the present time is in the midst of complete rebuilding with a re-[fol. 199E-201E] sulted change in its contracts and sub-contracts that it would be well to have legal talent at Pittsburgh for the facility of the president and that the corporation authorizes and accepts the services of Mr. Lester Wolf, who is a cousin of Mr. H. E. Wolf, and who is connected with a Pittsburgh firm. It was unanimously agreed that this authorization should be adopted.

. . . . .

[fols. 202E-203E] 28. Individual Sealy trade-marked names and patents were discussed. Mr. Wolf recommended that all the factories pool whatever patents or trade-marks they might have for the benefit of the Corporation. Most of the factories stated that they had very little to offer along that line, but they were perfectly in agreement with the suggestion. All factories were instructed to mail in their trademarks and patents to the Pittsburgh office, or furnish

natural, or normal, trading area surrounding a particular manufacturer in a particular locality.

Mr. Rosenfeld urged that the sub-manufacturer's contract be done away with, and stated opening up rich trading areas would not only assure revenue for Sealy, Incorporated but that the group members would reap a harvest from increased sales in place of label revenue. Mr. Rosenfeld stated his disapproval of the contribution plan as a means of advertising revenue. Outlined that, while the plan might be acceptable at this time, with the increase of the advertising burden Memphis, Houston, and Pittsburgh would soon grow weary of carrying 78% of the burden. Mr. Rosenfeld also enlarged on the danger of national advertising arousing consumer interest which would be diverted into competitive channels due to a lack of proper distribution.

Mr. Rosenfeld then gave the details of the Sleeper contract, the inducements offered to new members, the placement of everyone on an equal basis, and showed the disadvantages of the Sealy plan, which gave the old member everything and the new member practically nothing, as against the Sleeper arrangement. Mr. Rosenfeld summed [fol. 214E] up his recommendations in the following: (1) That present Sealy members forego territories allotted to them and restrict themselves to a limited territory; (2) That the Sealy members divest themselves of the right to a sub-manufacturers agreement and sub-manufacturers revenue; (3) That a new revenue basis be developed to take the place of their present royalty arrangement.

The group adjourned for lunch.

Immediately after lunch the group made a short tour of the B. F. Goodrich plant and saw Nukraft in process of manufacture. On return to the hotel Mr. Rosenfeld was asked to continue and suggested a label which he felt might work out successfully.

Mr. Bergman interrupted the discussion by stating it was obvious that a new territorial arrangement was necessary as, in spite of all the licensee plans that had been made, no actual progress was evident. Mr. Wolf explained that this lack of progress was due to (1) The delay in learning whether Mr. Edwards would be in position to

handle the contract work; (2) The inability of the factories to agree on territorial allotments. Mr. Rosenfeld stated that, under the new territorial handling, these handicaps to progress would automatically be eliminated.

Mr. Rosenfeld was questioned as to whether he would undertake the task of lining up Sealy licensees. Mr. Rosenfeld stated he would be willing to do the work provided there was no insistence on his making it a full time job as he did not want to sacrifice his legal practice. He stated the expense of such handling would run about \$10,000 distributed as follows: \$4,000 Actual Compensation, Rent \$720, Stenographic and Bookkeeping service, \$1200, Stationery and Supplies \$500, Postage, Telephone, Telegraph, etc. \$600, Travelling Expense \$2500; total—\$9520. Mr. Rosenfeld then excused himself and left the group to continue its discussion.

[fol. 215E] Mr. Bergman made a motion that all Sealy members relinquish and release to Sealy, Incorporated territories other than those making up their normal trading area, that is, territories now being worked advantageously by the respective, Sealy factories, and that Sealy, Incorporated be given the power to contract with manufacturers in these territories directly, thus eliminating the sub-manufacturer's contract forming a part of the present plan. Mr. Friedberg seconded this motion. The motion was put to a vote and passed unanimously by the group.

The members were then requested to give a general outline of the territories they were willing to turn back to Sealy, Incorporated. Mr. Cady of the Tigard plant stated that they would be willing to give up part of Idaho.

Mr. Stein expressed his willingness to turn over Minnesota, North Dakota and Nevada, and stated that he might yield a part of Utah provided a highly acceptable manufacturer should require this territory. Mr. Stein is, at present, operating a warehouse in Utah.

Mr. Friedberg stated that he would relinquish his South Dakota interests provided an acceptable manufacturer was located for this territory.

Mr. Haas stated that they would give up South Carolina, North Carolina, and Georgia, and that should Georgia



be split up among two or three manufacturers, and small additional territorial allotments be necessary to satisfy these manufacturers, he would also make whatever concessions were needed along that line. Mr. Haas further expressed his willingness to yield some Kentucky territory provided a responsible Cincinnati manufacturer was interested.

Mr. Bergman stated that they would give up Michigan, and such territory as might be necessary to complete the arrangement with the Balyeat Manufacturing Company retaining only such territory as lies within a 30 to 50 mile radius of Cleveland.

[fols. 216E-217E] Mr. Wolf stated that he would yield whatever Ohio territory was necessary to complete the Balyeat Manufacturing Company contract, also, the District of Columbia, Virginia, Delaware, the western part of New York, and a part of Maryland.

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[fols. 218E-220E] Mr. Haas made a motion that rigid specifications be set up on innerspring units, and that all manufacturers conform strictly with such specifications regardless of whether they manufactured the said units or purchased such units from outside sources. Whereas outside purchases are made the units must be fully equal to the specifications set up by Sealy. Mr. Bergman seconded the motion. Passed unanimously.

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[fol. 221E] Mr. Seitz introduced Mr. Handerson, Advertising Manager of the B. F. Goodrich Company. Mr. Handerson stated that B. F. Goodrich are not in position to commit themselves on advertising until the features of the Robinson-Patman Act have been more clearly defined. Mr. Handerson spoke of the fact that they would have to duplicate assistance given the Sealy group in the case of competitive units. Mr. Haas pointed out that no competitive unit is involved. Mr. Handerson then spoke of the prestige of the Sealy name being enhanced by association with Goodrich, and their feeling that the prestige of



the Sealy name would form a pleasant association for the Goodrich name. Advertising plans were discussed in general:

Mr. Wolf next introduced Mr. Mason of the A. P. Hill Company, Pittsburgh, and Mr. Mason gave the first [fol. 222E] advertising presentation. Mr. Mason distributed portfolios showing a proposed advertising expenditure of \$35,062.50. Mr. Mason stated that their research had disclosed that 57% of the direct mattress purchases are made by women, 8% by men, and the remaining percentage represents men consulted, but not active, in the purchase of mattresses. Mr. Mason gave this as the reason for giving women's magazines preference in the magazine advertising set-up. He felt that the Saturday Evening Post would get the men's attention, and combined with the two women's publications, should assure thorough coverage.

Mr. Walker of Walker & Downing made the next presentation, assisted by Messrs. Rogers and Rose. Mr. Walker stated that, in their opinion, it would be impossible to sell both a selling idea and a trade name in a small space and they had outlined their campaign accordingly. Mr. Walker expressed himself as being very much in favor of radio advertising. Mr. Walker also spoke of magazine advertising and stated that a check-up reveals that there is no duplication in the circulation of the Ladies Home Journal and the Women's Home Companion.

W. S. Hill Company presentation was submitted in written form.

Group adjourned for luncheon.

Mr. Grove and Mr. Giles presented Ketchum, MacLeod and Grove's ideas. Mr. Grove spoke first, to the effect that their approach was based on the customer-clerk angle. Mr. Grove then introduced Mr. Giles who gave an outline of their findings and their recommendations for advantageous handling of this "point of sale" problem. Mr. Giles stressed the importance of making each sale since mattress purchases only take place about once in fifteen years.

The last advertising presentation was made by Mr.

Lambert Smith of Smith, Hoffman and Smith. This [fol. 223E] agency had originally been selected to prepare an outline of a Sealy campaign, in accordance with the wishes of the group as expressed at the St. Louis Meeting. This complete outline, together with new features developed since that time, was submitted for approval. Mr. Smith was assisted by Mr. Hoffman and Mr. Taylor.

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The President then introduced Messrs. Brody and Englehardt to the group, stating that these gentlemen are interested in undertaking contact and general promotional work for Sealy, Incorporated. Mr. Brody spoke first relating his past experience, reason for his interest [fols. 224E-225E] in bedding, et cetera. Mr. Brody introduced Mr. Englehardt, stating that Mr. Englehardt has been associated with him in promotional work and that they would like to undertake the handling of the Sealy, Incorporated proposition together. Englehardt gave an outline of his past experience and showed a dramatized sales manual which he had prepared for the State Automobile Insurance Association, which was of considerable interest to the group.

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[fol. 226E] Messrs. Leguillon and Heldenbrand of B. F. Goodrich joined the group, and the President called on Mr. Leguillon to explain the attitude of the Goodrich Company toward the Sealy group. Mr. Leguillon stated that it is their intention to work for the interest of both units without interjecting themselves into the Sealy set-up. He stated that there could be no conflict between Sealy and Goodrich as Goodrich had no intention of going into the mattress business.

Mr. Leguillon spoke about Sealy's licensee promises and stated that new manufacturers would have to be added to the group before the Goodrich officials would be willing to render any monetary cooperation on advertising, et

cetera. Mentioned the fact that a year ago there had been eight members in the Sealy group, and that there were still only eight a year later.

. . . . .

After Mr. Leguillon and Mr. Heldenbrand had left the Voting Trust came up for discussion. Mr. Haas questioned Mr. Lester Wolf, the Sealy attorney, about various points of law in this connection. A general discussion ensued about how to protect the interests of the eight major Sealy factories. Mr. Haas made a motion that 60% of the stock now owned by Sealy stockholders be placed in the Voting Trust. Motion seconded by Mr. Bergman. Voted on. Passed.

The new manufacturers again came up for discussion, and it was agreed that the addition of such manufacturers to the group should be subject to the approval of adjoining territories.

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[fols. 229E-232E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 34

Executive Committee Meeting, Palmer House, Chicago,  
Tuesday, October 10th and 28th, 1936.

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[fol. 233E] Mr. Haas then made a motion that Messrs. John M. Brody, Jr. and Wallace H. Englehardt be engaged to become familiarized with the Sealy set-up at the Pittsburgh plant without further delay, their remuneration to be on the basis of \$1000 a month for the first three months, and \$1250 a month thereafter until the end of the year. If Messrs. Brody and Englehardt are with Sealy, Incorporated at the end of the year their remuneration during that period is to be figured against 25% of the royalties earned during that year, and if their salary was less than the said 25% they are to receive the benefit of the difference. The agreement between Messrs. Brody and Englehardt and Sealy, Incorporated is to include a 90 day probation clause, a six month cancellation clause, and a thirty day cancellation clause after the six month period at the option of either party. Messrs. Brody and Englehardt's salary is to cover all general expense connected with the work of these two men, that is, general administrative expense connected with the assignment as well as travelling expenses, etc.

. . . . .

[fols. 234E-235E] Prospective licensees were then discussed. Mr. Haas stated that he has two active warehouses in Florida at present and plans to open another in the northern end. He stated that they anticipate a \$125,000 year business from Florida, and felt this would be as large a volume as could be done by any factory in that state. Mr. Haas further stated that he would like to



retain North and South Carolina in preference to Georgia provided this was agreeable, but would abide by his original agreement should that be found advisable as the program progressed. Mr. Brody remarked that increased volume would probably absorb Mr. Haas' facilities making it advisable for him to relinquish these territories. Mr. Haas advised that the final determination of the value of each territory should be decided between Mr. Wolf and Messrs. Brody and Englehardt, and he would abide by their decision. Mr. Bergman also expressed his approval of this handling. Five shares, however, are to constitute the minimum, though the licensee may be allowed as long as two years to make payment.



[fols. 236E-238E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 35

Minutes of Sealy Executive Committee Meeting, Pittsburgh, Pa., August 19th, 20th, 21st, 1937.

August, 19th, (1)—The President opened the Meeting. The following were present: Mr. H. E. Wolf, Mr. J. R. Haas, Mr. Earl Bergmann, Mr. John M. Brody, Jr., Mr. Lester Wolf, and Mr. Robert Culp.

(2) Mr. Culp was asked to make a report covering the financial situation of the Corporation. The President then requested authority to make a loan for the Corporation as the Corporation did not have sufficient funds to meet current obligations. Mr. J. R. Haas moved that the President be empowered to borrow funds up to \$5,000 for the benefit of the Corporation, repayment of this amount to be given preference over everything except current obligations. The \$2000 indebtedness to the Fort Pitt Bedding Company is to be paid out of this \$5000. Mr. Bergmann seconded the motion. The President called the bank, in the presence of Messrs. Bergmann and Haas, and requested a \$1000 loan for the Corporation to take care of immediate requirements.

[fol. 239E] (13) After some discussion regarding the operation of the Chicago Market Space, Mr. J. R. Haas moved that Mr. Fine, who has been keeping the Space open, be instructed to turn in the key to Sealy, Incorporated, until such time as proper arrangements have been completed for servicing Chicago. Mr. Bergmann seconded the motion. Voted. Approved.

(14) Mr. J. R. Haas moved that, insofar as the Corporation is concerned, no warehouse or salesroom or office is to be operated in Chicago at the present time. Mr. Bergmann seconded the motion. Voted. Approved.

(15) Mr. J. R. Haas moved that Milwaukee be granted permission to handle Chicago temporarily with the definite

understanding that they will relinquish all claims to the Chicago territory as soon as another arrangement is effected. Mr. Bergmann seconded the motion. Voted. Approved.

[fol. 240E] (20) Mr. Brody made a presentation covering the Crestline Brand. Mr. Brody's outline of Crestline Brand handling was approved with the following suggestions and restrictions: (a) Neither the Durolife Inner-spring Unit, Nukraft, nor any special features forming a part of the standard Sealy line, are to be employed in Crestline; (b) There is to be no wholesale price restriction for the time being, but the understanding is to be that such restriction can be placed in effect at a later date, by action of the Executive Committee, if found desirable; (c) The Cost Committee of Sealy, Incorporated is to set up basic specifications for the various Crestline brackets; (d) The Signature on the mattress, box spring, and studio divan labels is to be either the private brand name of the Sealy plant, Crestline Products Company, Imperial Products, or some similar name, but definitely not Sealy Mattress Company; (e) A special contract, prepared by Lester Wolf, is to be signed by all plants adopting the Crestline brand; (f) The label handling is to be in line with recommendations made at the meeting; (g) A slug, approved by the Executive Committee, is to be used in connection with the advertising of the Crestline Brand, the use of this slug being compulsory whenever such advertising is run; (h) Sealy is to be shown in conventional type, never in script, when used in connection with Crestline; (i) The Crestline Brand is to be confined to tufted mattresses for the time being; (j) The Crestline Brand products are to be sold only within the confines of the present Sealy territories. A copy of Mr. Brody's presentation has been [fol. 241E] made part of these Minutes.

[fol. 242E]

August 17, 1937.

**CRESTLINE BRAND****COMMERCIAL DIVISION OF SEALY RECOMMENDATIONS OF  
MESSRS. BRODY & ENGLEHARDT**

At the Chicago Meeting, upon adoption by the Sealy members of an off brand for the merchandising of Sealy members, it was decided that Messrs. Brody & Englehardt should submit for Executive Committee approval their recommendations for effective handling of this off brand.

**Point 1—Proposed Name**—It is proposed that a suitable name should be adopted for the identification of the off brand of goods made by members of Sealy, Incorporated, which name should differentiate the off brand from the present well-established national brand, namely, Sealy. It was suggested by Mr. Englehardt that a suitable name for this off brand is that of Crestline, subject to the possibility of registration of said brand name. Upon investigation through the Government Patent Office, it has been established that this name is available and registration of the name is being provided for through our Corporation counsel. It might be said that the thought behind the selected name is that the first five letters of the off brand name suggest the element of high quality, namely, crest of the wave, or crest of a mountain; in other words, a high point in anything by comparison.

**Point 2—Simplicity in Handling.** The best way to control the handling of Crestline products through headquarters is that the method which is recognized as the most simple method so far as burdensome or expensive control is concerned. A relatively simple control policy, as recommended by Brody & Englehardt, is one that would embrace the standard practice of Sealy, Incorporated in handling Sealy mattresses. Label handling to be as per the class plan. Royalty payments to be made in advance, and in line with Executive Committee schedule of royalties set up on the basis of wholesale prices. Standard practice [fol. 243E] of search, and efforts toward registration of names and slogans adopted, through Lester Wolf. Mer-

chandising practice as per outline of Brody & Englehardt. Resale price control within 200% limitation. No wholesale price control so that if the manufacturers are to give the merchandise away they can do so without interference from the Sealy Executive Committee. Advertising control simply through re-check by office and agency of local advertising as issued.

Point 3—Control of Manufacturing Specifications. Specifications must, and should be, subject to approval of Sealy, Incorporated and the Executive Committee of Sealy. The Executive Committee of Sealy should arrive at basic specification controls with regard to innerspring constructions, grades of felt and other filling materials, covering materials, and workmanship. Nukraft is not to be employed in the manufacture of any off brand product. It should be emphasized that the theory behind the off brand of Sealy members in the event the members wish this off brand to be in any way identified with their status as a Sealy manufacturer, is that the quality of workmanship and material as exemplified by the off brand be maintained consistent with the principles surrounding the manufacturing practices established in connection with Sealy mattresses. In other words, a quality product must again be the foundation stone for the development of this off brand.

Point 4—Control in Merchandising Practice. In order to develop safely this off brand, both for the present and the future, it is suggested that a sound merchandising plan be instituted. This is essential in order that the off brand will be properly introduced to the Furniture Trade and the consuming public. The basis of this merchandising plan, as proposed, is that from the offset correct identification should be featured, misrepresentation in labeling or advertising should be avoided and, at the same time, the public should be truthfully informed that the merchandise manufactured under this off brand is produced by a responsible manufacturer, such as we have enrolled in the members of Sealy, Incorporated. The [fol. 244E] public can gain this correct impression by clearly mentioning, in bold print, in newspaper copy and on the labels, the fact that the merchandise is produced



by the Commercial Division of the Sealy Mattress Companies. This plan of identification, as agreed upon and selected, recommended by Messrs. Brody & Englehardt, is predicated upon the fact that this proposed handling by Sealy would be an exact duplication of similar handling by other established corporations who have national acceptance as, for instance, General Motors, Chrysler, American Telephone & Telegraph, and the U. S. Steel Corporation. In each instance their affiliated products and services are identified through the branding and publicizing of the term "division of." For clearer emphasis some of the most careful firms, from the above mentioned list, go a step further and limit their identification by employing the term "commercial" in connection with "division of." In this manner the truth will be established, and in the long run this is essential to obtain the final acceptance of the public, and the cooperation of public agencies, such as Better Business Bureau and National Trade Practice agreements.

Point 5—Control of Resale Prices. It is suggested by Messrs. Brody & Englehardt that the control of the resale prices, as set by the members of Sealy, Incorporated at the last national meeting that this control be established by the Executive Committee in line with the unanimous agreement of the members. The control referred to is that of a limitation in mark up on wholesale cost to a maximum figure of 200%. By controlling the resale within the limitations of 200% we will avoid so-called borax handling of our off brand. Naturally, we will miss the business of dealers who want to put three or four numbers on their products, but there will still be enough legitimate business obtained to insure Sealy, Incorporated that the consuming public will receive a quality product in the various generally accepted resale price levels.

[fol. 245E] Point 6—Labels. Labels should originate from headquarters, and any off brand name selected by the members for local imprinting should likewise be furnished to headquarters so that headquarters will have knowledge of the local imprinting practice in connection with the label handling.

Point 7—Royalties. The proposed schedule of royalties



suggested for consideration of the Executive Committee to cover handling in connection with the off brand is attached.

Point 8—A proposed label exhibit is hereto attached showing a suitable label for the off brand. Note carefully the clear and straight printing which recommends the label. In our opinion, the design of the off brand label exhibited should be improved upon. Likewise attached are other exhibits of what might be considered suitable label designs. The principal feature of the label exhibit is that same shows very clearly and effectively that the mattress name is Imperial, that Imperial is a Crestline product, and that the manufacturer of Crestline products is the Commercial Division of Sealy Mattress Company. We feel that plenty of notice is thus tendered to the trade and to the public that the branded product is not one of our custom-made and highly advertised Sealy mattresses.

Point 9—It is further suggested by Messrs. Brody & Englehardt that Crestline products should be, and exclusively if possible, ordinary button-tufted merchandise. It is further recommended that tuftless merchandise should not be featured in the off brand. By limiting the scope of Crestline to button-tufted merchandise, we should be in a position to compete with the practice of all of our competitors who are more or less completely identified with and limited to buttons and tufts. In their handling, they promote the price of the product rather than the sale of same, leaving to the dealers any possibility of promoting sales. Through Crestline, Sealy dealers would be in a more flexible position to promote profit or price and thus keep the volume active and average gross handling profit [fols. 246E-248E] in line with 125% to 150%. Sealy, Incorporated should concentrate its activity, so far as general advertising and merchandising are concerned, toward the promotion of the value of Sealy Tuftless exclusive products instead of ordinary tufted goods. The sale of Tuftless goods could thus be promoted instead of price promotion on Sealy.

Point Ten—It is further recommended that Sealy, Incorporated control the advertising practice surrounding the off brand at least so far as this advertising affects the

advertising practice in our Sealy line. This control would be complete and accurate provided Crestline ads mentioned somewhere, in connection with the ad, that the dealer also carried the complete line of Sealy Tuftless products. Thus the consumer would be notified through the labels and the advertising practice that there is some difference in products manufactured by members of Sealy under the two brands. Quality of workmanship and materials should be established in the minds of the public as being an attribute of both Sealy and Crestline merchandise, Tuftless, Nukraft, and custom made features will be associated with Sealy, whereas commercial and average characteristics will be associated with Crestline.

Brody & Englehardt.

[fol. 249E] (35) August 20th—The President opened the meeting. Mr. H. E. Wolf, Mr. J. R. Haas, Mr. Earl Bergmann, Mr. John M. Brody, Jr. and Mr. Lester Wolf were present.

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(37) The acceptability of the Dixie Mattress Company as a licensee was discussed, and Mr. Haas made a motion [fols. 250E-253E] that a contract be issued to the Dixie Mattress Company provided (a) The usual stock payment was made; (b) The prescribed minimum royalty was placed in effect; (c) The territory was restricted to Richmond and immediate vicinity. Mr. Bergmann seconded the motion. Voted. Approved.

(38) Mr. Bergmann made a motion that definite sales quotas be set up for the various Sealy territories, with the understanding that any plant failing to live up to its quota should be charged with that quota or forced to release the territory. Mr. Haas seconded the motion. Voted. Approved.

(39) Mr. Haas made a motion that these quotas be evolved for each territory on the basis of proper trading areas, also on the basis of buying power per family or per capita, whichever proved most acceptable to Sealy, Incor-

porated, and that Sealy distribution should be pro-rated in equitable amounts among those territories. Mr. Bergmann seconded the motion. Voted. Approved.

(40) Mr. Friedberg's complaint about the Minneapolis plant's failure to properly work the territory which Kansas City relinquished was read to the Committee, and it was decided that Mr. Wolf's letter should be supplemented by another from the Executive Committee expressing the Committee's appreciation of Mr. Friedberg's kind interest but stating that if Mr. Friedberg resumes operations in that territory it will be regarded as a violation of his contract.

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[fol. 254E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 36

Minutes of the Board of Directors Meeting—Jefferson Hotel, St. Louis, Missouri, November 12th, 1937.

[fols. 255E-259E] (6) Mr. Bergmann took the floor and stated that it is absolutely essential for all Sealy plants to make identically the same merchandise and prove to the dealers that they are offering a thoroughly uniform product or the group will never have any national significance.

[fols. 260E-261E] (23) Mr. Edgar Haas' letter, regarding transfer privileges on his Dallas territory was read to the Board of Directors. The matter was carefully discussed and Mr. Lester Wolf was instructed to frame a night letter in line with the expressed wishes of the Board. Mr. Bergmann moved that this night letter reading "Sealy, Incorporated will consent to your transferring that portion of the State of Texas you now have to Edwards and Dreeben on condition that you simultaneously transfer back to Sealy, Incorporated the Oklahoma territory with the further proviso that your successors will maintain a Sealy factory in Dallas and will not sell or manufacture any nationally advertised or licensed bedding other than Sealy" be sent to Mr. Edgar Haas with the full endorsement of the Sealy, Incorporated Board of Directors. Mr. Stein seconded the motion. Voted. Approved.

(24) Mr. Ostrow questioned Mr. Stein as to whether it was agreeable for him to work the Arizona territory, but Mr. Stein refused to commit himself.

[fol. 262E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 37

Official Rulings, Executive Committee Year 1937

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(10) August, 1937 Milwaukee given permission to handle Chicago territory temporarily with understanding all claims to this territory would be relinquished upon establishment of permanent arrangement for servicing Chicago.  
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[fol. 263E] (15) August, 1937 Crestline Brand to be handled with following suggestions and restrictions (a) Neither Durolife unit, Nukraft, nor special standard Sealy features to be employed in Crestline; (b) No wholesale price restriction at present, but such restriction can be placed in effect at a later date by action of Executive Committee; (c) Cost Committee to set up basic specifications for various Crestline brackets; (d) Plant signature to be private brand name or other name but not Sealy Mattress Company; (e) Special contract to be signed by plants using Crestline; (f) Label handling to be in line with recommendations made at July Meeting; (g) A slug, approved by the Executive Committee to be used in connection with Crestline advertising, the use of this slug being compulsory; (h) Sealy to be shown in conventional type whenever used with Crestline; (i) Crestline to be confined to tufted mattresses for the present; (j) Crestline Brand to be sold only in the confines of the present Sealy territories.  
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[fol. 264E] (20) August, 1937 Contract to be issued to Dixie Mattress Company provided (a) stock payment is made; (b) Minimum royalty is placed in effect; (c) The territory is restricted to Richmond and vicinity.

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[fols. 265E-266E] (33) August, 1937 Messrs. Brody & Englehardt to set up standard price list form for all Sealy plants to accompany release of Sealy catalogue.

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[fols. 267E-268E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 38

Sealy Annual Meeting—Palmer House, Chicago, Illinois—  
Board of Directors—December 6th, 1937.

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[fols. 269E-272E] (14) Mr. Friedberg complained about the name "Sleep Joy" being restricted to the \$39.50 resale bracket stating that they had started building up a nice business on the "Sleep Joy" at \$29.50. Mr. Friedberg was informed that if the "Sleep Joy" labels were useless to him on account of the \$39.50 price restriction, they could be returned to Headquarters. Mr. J. R. Haas informed Mr. Friedberg that rather than have him run the Sleep Joy at \$29.50, the Memphis plant would reimburse Kansas City for the cost of the labels involved, as a matter of fact, any burden or expense connected with Kansas City's use of the Sleep Joy name.

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[fols. 273E-275E] (27) Mr. Mankey requested permission to sell a Sealy mattress at \$15.00 wholesale, to carry \$39.50 resale. Mr. Mankey was instructed to offer this mattress at \$17.50 less than 5%. Mr. Mankey made a motion that, in cases where definite competition makes it impossible to maintain the 125% margin on Sealy merchandise, that leeway should be granted so long as the retail price is maintained. Mr. Rogers seconded the motion.

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[fols. 276E-279E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 39

Sealy Annual Meeting, Palmer House, Chicago, Illinois  
Board of Directors—December 7th, 1937.

[fol. 280E] (23) Mr. Cady moved that the Cleveland plant be given permission to operate in Michigan in line with temporary contract executed between Sealy, Incorporated and the Cleveland plant. Mr. Ostrow seconded the motion. Voted. Approved.

[fols. 281E-282E] (24) The California contract situation was carefully discussed and Mr. Lester Wolf stated that in order to put the California contract on a proper basis, a separate contract should be in effect between Sealy, Incorporated and the Sealy Mattress Company of Northern California. The territory involved is to be taken out of the present California territory. The Board deemed it advisable for separate contracts to be issued with the understanding that the minimums are to be split in the contracts, but are to be reported jointly under the present arrangement. In the case of any transfer of territory, the minimums are to be reported separately in line with the standard minimums handling. Mr. Cady made a motion that the Executive Committee be empowered to work out this California contract situation in connection with Mr. Lester Wolf. Mr. Stein seconded the motion. Voted. Approved.

[fol. 283E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 40

Minutes of Executive Committee Meeting, Pittsburgh, Penna.—April 26th, 1938.

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4. Mr. Wolf opened a discussion covering Sealy territorial set-ups, and outlined the territorial sacrifices made by various Sealy plants for the benefit of the Cor- [fol. 284E] poration. Mr. Haas stated that his experience in North and South Carolina has not been at all satisfactory, and advised the Committee that North and South Carolina, also Georgia with the exception of the extreme southern part, were at the Corporation's disposal. Mr. Haas is to furnish a record of the Georgia boundary upon return to Memphis. Mr. Haas instructed Mr. Lester Wolf to omit these territories from the Memphis contract, but requested that the Corporation issue a special agreement permitting him to work the said territories until such time as licensees have been appointed therein. Mr. Bergmann moved that the Memphis contract be issued on this basis. Mr. Wolf seconded the motion. Voted. Approved.

5. Mr. Wolf questioned Messrs. Haas and Bergmann as to the handling of territories which become open through termination of contracts, et cetera. Mr. Haas moved that all territory, once ceded to the Corporation, is to be considered Corporation property, and that any such territory which becomes open due to a member leaving the group, or for some equally good reason, is to revert to the Corporation. Mr. Bergmann seconded the motion. Voted. Approved.

6. Mr. Haas further moved that the original owners of such territories be granted special permission by the Corporation to work such territories until such time as new licensees are appointed therein, in order to keep the Sealy name alive, with the understanding that these original owners will be consulted when a new licensee is brought in and the territory re-aligned on the basis of the

[fols. 285E-289E] geographical position of the new licensee. Mr. Wolf seconded the motion. Voted. Approved.

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[fols. 290E-294E] 19. Mr. Haas moved that the transfer of territory between Mr. Edgar Haas and Mr. Joe Rogers be formally approved by the Committee. Voted. Approved.

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[fol. 295E] 43-c Mr. Brody was called in, and Mr. Bergmann asked him why he was in Pittsburgh instead of Chicago. Mr. Brody stated he had remained in Pittsburgh for two reasons, one, that St. Paul did not have any Nukraft as yet, therefore could not use him, secondly, that he wanted to be completely posted on the Chicago situation. Mr. Haas informed Mr. Brody that he had all the necessary posting on the Chicago situation.

Mr. Haas informed Mr. Brody that when he left the St. Paul agreement with Mr. Brody it had not contained any mention of the Milwaukee territory, and wanted to [fol. 296E] know why Mr. Brody had incorporated this territory in the final agreement. Mr. Brody stated the agreement had been approved at Pittsburgh. Mr. Culp told Mr. Brody it had been approved because of Mr. Brody's statement that the territorial handling had the full endorsement of Mr. Bergmann. Mr. Bergmann stated he was not acquainted with the territorial handling. Mr. Brody said it was his understanding that it had been agreeable with Mr. Bergmann.

Mr. Haas informed Brody that his high pressure selling methods were no doubt responsible for some of the trouble experienced by Sealy with its new plants, and added that Mr. Brody had probably made the St. Paul plant exaggerated promises, in bringing them into the deal, and that he would be held personally responsible if anything serious developed at that point. Mr. Haas farther stated that Mr. Brody does not recognize contracts in his selling, and that Friedberg had informed him that he had a letter from him asking for the surrender of Omaha, in place of Oklahoma, though Mr. Brody was well informed that Oklahoma was not open for any barter due to being a part of Mr.



Edgar Haas' territory. Mr. Brody denied writing such a letter, but admitted that he had discussed this handling with Mr. Friedberg by telephone. Mr. Haas then inquired what proposition Mr. Brody had made to Mr. Brandwein.

44-c Mr. Brody stated that Brandwein is willing to take the following territories on a graduated scale. Territory 1—City of Chicago—at \$150 minimum. Territory 2—Illinois territory—Bloomington—at \$150 minimum. [fols. 297E-300E] Mr. Haas wanted to know how Mr. Brody could promise the Bloomington territory. Mr. Brody said he hadn't promised it, but had stated something might be worked out in Illinois, without getting down to actual boundary lines. Territory 3—Indiana—\$150 minimum. Territory 4—Part of Michigan—\$150 minimum. Total Minimums, \$600. Territories to be assumed within a reasonable period. Mr. Haas asked Mr. Brody to define reasonable period. Mr. Brody stated six months to a year. The territory in which Brandwein is really interested, according to Mr. Brody, is Indiana, western Michigan, Illinois, City of Chicago, half of Wisconsin, also, a part of Iowa. Mr. Brody was advised that Mr. Haas would discuss this situation further in Chicago.

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[fol. 301E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 42

Sealy Executive Committee Meeting, Sealy, Incorporated,  
Pittsburgh, Pa.—January 29th and 30th, 1939.

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1. The President announced that the first subject for discussion was the matter of the Pittsburgh and Memphis contracts. Mr. Bergmann moved that the territories originally belonging to the Pittsburgh and the Memphis plants be granted in accordance with their desires, based upon the records, with the understanding that Sealy, Incorporated retains the right to license the North and South Carolina territories to the Mebane Royall Company provided this license arrangement can be consummated within a six month period. If no such arrangement is effected within this six month period, the North and South Carolina territories are then to become part of the permanent Memphis contract. Mr. Stein seconded the motion. Voted. Approved.

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[fol. 302E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 43

The Sealy Executive Committee Meeting, William Penn Hotel, Pittsburgh, Pa.—Wednesday, May 17th, 1939.

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[fol. 303E] 6. The President instructed the Corresponding Secretary to read the Barcalo Manufacturing Company's letter of April 21st on the subject of the Michigan territory. Mr. Stein made a motion that Sealy temporarily add the Michigan territory to the Buffalo contract with the understanding that some definite arrangement will be made regarding the Michigan territory effective January 1st, 1940. Mr. Haas seconded the motion. Voted. Approved.

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[fol. 304E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 45

Minutes of the Meeting of the Executive Committee of Sealy, Incorporated—Saturday and Sunday, November 4th and 5th, 1939, Congress Hotel, Chicago, Illinois.

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[fol. 305E] 7. Mr. J. R. Haas moved that coincident with the formal opening of the new Chicago office, Mr. Brody be empowered by the Board of Directors of Sealy, Incorporated to engage the services of two office assistants at gross salaries for the two people not to exceed \$250.00 per month. He further moved that the work of all the personnel in the Chicago office be subject to the supervision of the President. Mr. Wolf stated that upon the removal of the general office to Chicago, that then the personnel of the Pittsburgh office would be reduced to one stenographer at compensation not to exceed \$125.00. Mr. Stein seconded the motion. Unanimous consent.

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[fol. 306E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 46

PRESIDENT'S REPORT

To all Sealy Group Members:

In recent checks with the Sealy group members, the writer has noted that every Sealy member is keenly interested in knowing what Sealy has accomplished from year to year, also, what Sealy has in mind in the way of future accomplishments. In view of this extremely cooperative attitude on the part of all Sealy group members it is my pleasure to submit herewith a summary of some of the outstanding accomplishments in Sealy during the writer's Presidency, with due credit given to those members who have contributed in great measure to this progress.

Sealy's first aim has been standardization. The measures taken, in my effort to assure complete standardization of Sealy products and Sealy operation, have been many. Some of them have proven extremely effective, others have not, but at least they have laid an excellent groundwork for the future and have taught us what is to be avoided if we are to prevent a recurrence of errors already made.

Standardization

1. The setting up of a Sealy contract which has proven acceptable to every organization desiring to become a member of Sealy, Incorporated.

2. The elimination of the featuring of private brand products under the Sealy name.

3. The development of a highly satisfactory system of royalty returns, with proper allowance made for the problems of new plants entering into Sealy.

4. The trademarking of all important Sealy names for the protection of Sealy members.

5. The setting up of complete mattress, boxspring, bedspring, and studio specifications to act as a guide for all Sealy plants.

6. The development of the Sealy Durolife Innerspring



Unit; and the setting up of standard specifications for various grades of these units.

7. The recalling of all old Sealy labels to assure that all Sealy goods will carry standard labels only, which have been fully approved by the Sealy, Incorporated Board of Directors.

8. The establishment of a standard line of Sealy labels, for standard and promotional items so that Sealy labels are today a recognized Sealy feature, and serve an excellent purpose so far as custom identification of Sealy merchandise is concerned.

9. The establishment of standard Sealy label sources and proper control of label purchases.

10. The production of a Sealy catalogue showing all of the items comprising the standard Sealy line.

[fol. 307E] 11. A name and price registration system to prevent the use of conflicting names and prices in adjoining Sealy territories.

12. The development of miscellaneous forms to simplify reports to headquarters, namely, standard royalty reports, standard specification forms, standard advertising follow-up forms, etc.

13. The adoption of standard tickings for the most important Sealy numbers.

14. The adoption of standard borders to the standard tickings above referred to.

15. The establishment of a definite Sealy dealer cooperative advertising handling.

16. The establishment of a definite syndicate discount policy.

17. The setting up of restrictions covering the markups and comparatives on general promotions, the special February and August promotions, Crestline brand, etc.

18. The furnishing of definite cost figures together with the release of specifications, covering promotional handlings, to simplify the task of the Sealy plants in getting geared up for these promotions.

19. The furnishing of specific instructions for the production of any items, involving special manufacturing processes, as in the case of the Sealy Posture Pillow.

### [fol. 308E] Advertising

E. Sealy Catalogue—As previously mentioned in connection with the standardization program, through a great deal of work on the part of your Sealy Board of Directors in conjunction with all the Sealy plants, Sealy was finally successful in producing a catalogue showing items of Sealy merchandise available over the entire country.

2. Sealy Mat Portfolio—Again this extremely important advertising piece, which contains a number of the most outstanding promotions developed by individual Sealy plant members, was made available to Sealy through the splendid cooperation of all Sealy group members, who generously contributed whatever advertising ideas had been most successful in their respective territories for the purpose of setting up this book.

3. Sealy Institutional Newspaper Campaign—This was developed by the Memphis plant, which spent a great deal of time in assuring that these newspaper advertisements would be out of the ordinary, and the campaign was offered to Sealy at a nominal figure in view of the time which was spent in its development. In addition to the newspaper mats, this campaign also covered some extremely effective Sealy screen broadcasts, window displays, direct mail, etc.

4. Sealy Sleeps Shops—The program of Sleep Shops originated in Memphis, and the Memphis organization developed the extremely attractive flitter signs, mattress racks, etc. which have been used so successfully in other Sealy territories.

### [fol. 309E] Expansion

1. New Members—It is a great pleasure to the writer that since his Presidency Seals has had the privilege of welcoming such members as the Barcalo Manufacturing Company, the Marquardt Company, the Fred G. Hodges Bedding Company, the Ingraham Manufacturing Company, and Osiason, Incorporated. Many valuable ideas have already been gained from this "new blood".

2. Firestone—You are already acquainted with the outcome of our negotiations with the Firestone Tire and

Rubber Company. While Sealy, Incorporated was not successful in securing Airtex distribution for Sealy exclusively, as originally promised, nevertheless, the Sealy group members were given the privilege of availing themselves of the Firestone franchise for their respective territories and benefitting by the generous advertising allowances which Firestone is making. Also, all members were completely reimbursed for their expense in this connection.

3. Territorial Concessions—Certain territorial concessions have been necessary, to make possible the admittance of new Sealy group members, and the writer takes this opportunity to confirm his appreciation of the extremely cooperative spirit which has been evidenced in instances of this nature.

4. Research Engineering—Through a courtesy arrangement with the Fort Pitt Bedding Company Sealy, Incorporated has been availing itself of the services of Mr. Walter DeFries as Research Engineer on such problems as have called for this type of handling.

#### [fol. 310E] Future Plans

1. You are all aware of the fact that our Advertising programs have been quite limited during the past few years because of the lack of proper funds. Under a new arrangement, under which the older Sealy group members are now operating, it is hoped that sufficient funds will be available to enable Sealy to support a more intensive advertising program during the year 1940.

2. Administrative Expense—A careful analysis has been made of headquarters' operation, and certain economies are being instituted which we feel certain will merit your complete approval.

3. Innerspring Unit—The writer is following the development of a new unit, on which Sealy has been promised exclusive when it is completed, and while it is still in the early stages of development, we want you to know that Sealy is constantly on the lookout for new features.

4. Hotel and Hospital Field—The Hospital field especially, during the past couple of years, has been a fairly profitable one and for this reason Sealy plans to start a strong campaign for this institutional business. The Pittsburgh plant has been working extremely hard, along

those lines, and the success which it has experienced in its individual territory should act as an incentive to other group members.

5. Latex Sponge Rubber Pads—We have been working very closely with the B. F. Goodrich Company, in the development of these pads, as it would, of course, be a great asset for Sealy if Sealy could offer an all-rubber mattress to which the Sealy group members would have exclusive rights. In other words, we hope for a similar arrangement on "Aircell" as is now in existence on Nukraft.

6. Simplification of Line—After a careful analysis of the present Sealy line we believe that simplification is very essential, and are hopeful that this can be accomplished in the near future.

7. New Members—With other problems out of the way, Sealy plans an intensive membership drive in 1940 with the purpose of filling in all gaps in the present Sealy national picture.

8. Government Jobs—If the writer is successful, in a certain contact which he intends to establish very shortly, the Sealy group members will be kept closely informed about government activities in their respective territories which might be of interest to them so far as the securing of government bedding contracts is concerned.

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[fol. 311E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 47

Minutes of the Meeting of the Board of Directors of  
Sealy, Incorporated—Wednesday, December 13th, 1939.  
Congress Hotel, Chicago, Illinois.

2. The President opened the meeting by instructing the Assistant Secretary to see that a letter is issued to all Sealy plant members requesting that they send in a 5" x 8" filing card for each customer on their mailing list, this card to carry the name of the customer, his address, the kind of merchandise he buys, and the price. Both Sealy and Crestline are to be covered by the card. The President explained that the idea was to have these cards on file at the American Furniture Mart so that a customer, from any Sealy territory could be taken care of at this point without any possibility of his being quoted conflicting prices, etc.



[fols. 312E-322E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 48.

Minutes of the Meeting of the Executive Committee of Sealy, Incorporated, Friday—April 26th, 1940, Congress Hotel—Room 1808—Chicago, Illinois.

[fol. 323E] 11. Mr. N. M. Graves made a motion, seconded by Mr. Morris Stein, which motion carried unanimously, that the Executive Committee authorize Mr. J. R. Haas to temporarily service certain territories in Indiana, from the Indianapolis warehouse of Mr. Haas, until such a time as a suitable factory connection can be made for Sealy, Inc., in the Indiana territory not now owned by Sealy of Memphis.

12. Mr. N. M. Graves made a motion, seconded by Mr. Morris Stein, which motion carried unanimously, that the Committee authorize Mr. R. G. Culp of the Fort Pitt Bedding Company to temporarily service the Philadelphia territory on Sealy goods out of a Philadelphia warehouse until such time as a more suitable factory connection can [fol. 324E] be made for Sealy in the Philadelphia area.

13. Mr. J. R. Haas made a motion, seconded by Mr. Morris Stein, which motion carried unanimously, that in the case of all additional territory temporarily licensed by written agreement to existing Sealy manufacturers by Sealy, Incorporated, for warehouse activities on Sealy in said open territories, that said temporary releases by Sealy to manufacturers are made upon the premise that manufacturers will both fully service and fully advertise the name of Sealy in said territories or otherwise withdraw from the area. Any such license is subject to revoke by Executive Committee action on ten (10) day notice.

15. The Executive Committee gave their consent to Sealy Mattress Company of Memphis to sell Sealy mattresses to retail stores of the Montgomery-Ward Company within its own area provided such sale as made by Montgomery-Ward Company were handled through normal retail outlets at standard Sealy retail prices.

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[fol. 325E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 49

Minutes of the Meeting of the Executive Committee of Sealy, Incorporated, Thursday—June 27th, 1940, Congress Hotel—Room 1110—Chicago, Illinois.

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3. Mr. J. R. Haas notified the Executive Committee that the changes in the territory of the Buffalo and Fall River plants, as outlined in the Minutes of the April Meeting, that these changes have been made and to the satisfaction of the parties concerned and are now in effect.

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5. Mr. Haas notified the Committee that he ~~executed~~ on behalf of Sealy, Incorporated, a termination of the contract between Sealy, Incorporated, and the Sealy Mattress Company of Tigard, Oregon, in line with the request of Mr. M. P. Cady of Tigard. It was further explained that at the time of termination Mr. Cady settled in full all obligations of the Tigard factory to Sealy, Incorporated, and up-to-date. It was explained in a letter from Mr. Cady to members of Sealy that his retirement from active work in Sealy and the termination of Manufacturers Agreement with Sealy were required so as to make possible a new and larger Sealy opportunity in the Pacific Northwest territory. Mr. Cady conditioned his termination upon acceptance by Sealy, as a member, of Mr. Arthur H. Raasch owning and operating the Pettit Feather & Bedding Company of Portland, Ore., which Company would absorb the Sealy Mattress Company of Tigard. The Committee approved the termination handling of the President in connection with the Tigard franchise.

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[fol. 326E] 8. Mr. Haas read to the Committee correspondence between himself and the Sealy Mattress Company of Houston, Texas on the one hand and between himself and the Sealy Mattress Company of Dallas on the other hand, with regard to shipping of Sealy merchandise manufactured in the Dallas territory in the Dallas plant and sold to a dealer in the Dallas territory then diverted by that dealer to a sales organization in Houston, Texas. Mr. Haas asked the Committee for delegation of authority from the Committee to himself to handle this Texas problem for the protection of the Houston factory and Sealy, Incorporated. The Committee approved of Mr. Haas' handling to-date in connection with this problem and recommended he pursue this matter to a correct conclusion.

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[fol. 327E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 50

Minutes of the Semi-Annual Meeting of Stockholders of Sealy, Incorporated, Friday—June 28th, 1940, Congress Hotel—Room 1110—Chicago, Ill.

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2. Mr. Haas brought up for discussion again the subject matter of the correspondence, which correspondence was between himself and the Sealy plants in Houston and Dallas, Texas, concerning Sealy merchandise produced at Dallas and sold in the Dallas territory and then diverted in shipment for resale in the Houston territory. Mr. Ira Pink acknowledged the incident with full explanation to the effect that said handling was entirely without knowledge and consent of the Sealy Manager at the Dallas factory. He further assured the members of Sealy that such steps would be taken by the Dallas factory to prevent any recurrence of such an incident in the future. It was explained to those present that Mr. Haas would proceed with the handling of this Texas incident toward the end that the interest of the Houston factory and Sealy, Incorporated would be fully protected, and assured Mr. Pink he would continue with his negotiations with him toward this desired end.

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[fol. 328E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 52

Minutes of the Meeting of the Executive Committee of Sealy, Incorporated, held at the Palmer House, Chicago, Illinois, February 26th, 1943.

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[fol. 329E] 9. Mr. Brody talked on the possibility of expansion by the addition of new plants in the Carolinas, another one in New England, possibly one in upper New York State, one in St. Paul and one in Detroit. He also outlined the possibilities of following the plan in operation at Chicago and Milwaukee which is fully covered in detail in Mr. Brody's Bulletin C-206 dated February 22nd. This plan is a co-ordinated program of planned production in the plant, on the higher brackets of Sealy items, together with a concentrated selling effort on these items that will automatically carry along the entire line of Sealy felts.

10. The subject of an additional merchandising man to assist Mr. Brody in his work was brought up but it was the consensus that due to the uncertainty on ticking and other supplies that it was best not to engage any one until perhaps July. The matter was left in the hands of the president who already had the authority for this purpose and that if conditions change Sealy would endeavor to find a suitable man.

11. Mr. Haas brought up the question of five counties in Iowa that are now part of the Kansas City territory and which Des Moines requests to have included in their territory. The matter was left in the hands of the president with the idea that if Kansas City desired to relinquish these counties they would be turned over to Des Moines.

12. Mr. Haas stated that Sealy was in need of additional revenue and that it was reasonable to expect and ask that the old plants increase their royalty payments by 25%. There was considerable discussion and finally the following resolution was offered by Mr. Stein: It is agreed that the following ten factories; Memphis—Oakland—Los Angeles—Denver—Houston—Pittsburgh—Cleveland—Dal-

las—Portland and Kansas City, holding fixed fee royalty contracts with Sealy, Inc., will increase their collective annual royalties to Sealy from an annual basis of \$45,000.00 to a minimum annual basis of \$56,000.00, effective July 1, 1943.

It is further agreed that the market analysis be measured in the form of buying power units for the entire country. The total number of buying power units in the area licensed to the above ten factories will represent 100% of the total annual budget of \$56,000.00. Each plant will pay its proportion to 100% of the total annual budget for its number of buying units in the individual territory. For example, if there would be 1000 buying units in the combined territory of the ten plants, each unit would cost \$56.00 and each factory would pay for the number of buying units in their franchised area at \$56.00 per unit.

It is further agreed that the annual factory royalty will be increased or decreased according to the change in the number of buying units in its respective territory. Each plant will therefore contribute for the buying power of the respective factory at the original cost per unit, but no minimum of any plant shall be less than \$300.00 per month. Mr. Culp seconded the motion. Passed.

13. Mr. Ostrow moved that the total refund of 40% on royalties paid in by Sealy licensees shall be extended from November 1st, 1942 to September 1st, 1943 and shall apply to the following media: Radio, Newspaper, Billboard space rental and car card space contracts and that as of Jan. 1st, 1943 the refund allowance for radio advertising shall be increased from 20% to 40%. Mr. Stein seconded the motion. Passed.

[fol. 330E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 53

Minutes of the Meeting of the Board of Directors of Sealy, Incorporated, held March 30th, 1945, Adjourned from March 29th, 1945.

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[fol. 331E] Certain changes were suggested, mainly on the question of clarification.

After a thorough discussion it was moved, seconded, and carried that the contracts might provide for the grant of a permanent license to Licensees when authorized by the Board of Directors after a study of the record of the respective Licensee, but permanent contracts should contain a provision that upon ninety days' notice from Sealy, Incorporated shall have the right to increase or decrease royalty payments, raise or lower minimums, and make such other changes in the contract as Sealy, Incorporated shall deem necessary or expedient except that the territory provided in the license shall not be changed, and that no permanent license can be granted except by a vote of three-fourths of the Board of Directors.

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[fol. 332E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 55

Minutes of the Meeting of the Stockholders of Sealy, Incorporated, held at the Stevens Hotel, Chicago, Illinois, November 16th, 1946.

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4. Mr. Haas reported on the progress of Sealy, Incorporated during the past year, and stated that the Corporation was in excellent condition and suggested that the Corporation stock be put on a 6% yearly basis.

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[fols. 333E-334E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 57

Minutes of the Executive Committee Meeting of Sealy, Incorporated, held May 22nd, 1947; at Memphis, Tennessee

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[fol. 335E] Mr. R. W. Marquardt, President of Posture Products, Incorporated, who was in attendance at the meeting on behalf of the stockholders of Sealy Mattress Company of Milwaukee, stated to the Executive Committee that the stockholders of Sealy Mattress Company of Milwaukee had agreed to selling the entire capital stock of the Sealy Mattress Company of Milwaukee to Sealy Mattress Company of Illinois, and that one of the requirements to be fulfilled by the stockholders of the Sealy Mattress Company of Milwaukee was to obtain from Sealy Incorporated a consent to the sale so that the Sealy franchise in the Milwaukee area could be transferred and assigned to the Sealy Mattress Company of Illinois, which would assume and undertake to perform the obligations of the Licensee in the license contract from Sealy, Incorporated to Sealy Mattress Company of Milwaukee.

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[fols. 336E-337E] "After a thorough discussion it was moved, seconded, and unanimously carried, M. A. Kaplan not voting, as follows:

Whereas, the stockholders of Sealy Mattress Company of Milwaukee have requested Sealy Incorporated to consent to a transfer of the franchise in the Milwaukee area from Sealy Mattress Company of Milwaukee to Sealy Mattress Company of Illinois, as a part of the sale by the stockholders of Sealy Mattress Company of Milwaukee of the entire capital stock of the Sealy Mattress Company of Milwaukee:

Be It Resolved:

- (1) Sealy Incorporated does hereby consent to a transfer of the license issued by Sealy Incorporated to



Sealy Mattress Company of Milwaukee, covering the territory described in said license agreement, to the Sealy Mattress Company of Illinois; which will assume and obligate itself to perform all of the covenants and agreements in said license with the following promises:

- (a) If and when determined by Sealy Incorporated, there may be deleted from the territory and set aside certain counties in the State of Michigan adjacent to the Detroit territory for the purpose of enlarging the territory to the licensee of Sealy Incorporated at Detroit.
  - (b) When and if determined by Sealy Incorporated, Sealy Mattress Company of Illinois agrees to provide facilities for distribution of Sealy products at Grand Rapids, Michigan.
- (2) The President of Sealy Incorporated was directed to notify in writing Sealy Mattress Company of Milwaukee of the passage of this resolution, furnishing it a copy of the same, and also giving a copy of his letter and its enclosure to Sealy Mattress Company of Illinois."

[fol. 338E] Mr. Haas made a report regarding his negotiations with the Kansas City and Fall River Licensees. He stated that neither of the present Licensees were doing a first class job, and had given each of them until June 1, 1947, to make a showing and if such showing was not satisfactory to him, he thought that new licensees should be appointed.

Upon motion made and seconded, Mr. J. R. Haas was authorized to handle to a conclusion the question of continuing the licenses or the appointment of new Licensees at Kansas City and Fall River.

[fol. 339E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 58

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Minutes of the Meeting of the Board of Directors of Sealy, Incorporated, held at the Palmer House, Chicago, Illinois—July 4th, 1947.

A Continuation of the Meeting Held July 3rd, 1947

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6. Mr. Brody spoke on Sealy sales and prospects. He called attention to the fact that Sealy had a new Licensee at Kansas City. He spoke very highly of Mr. Kanter and his associates, and stated that he expected that Sealy would have a very strong situation in the Kansas City territory. Mr. Brody suggested that when the Texas situation was handled, the territory surrounding El Paso should be coupled with the territory in Arizona to make new adequate Sealy territory. He also recommended that this territory be covered as soon as possible. Mr. Brody stated that applications were on hand from Mr. Banks and also Mr. Ross Rosenberg, for the Minneapolis territory. He also advised that New York had been divided between the Buffalo territory and Schenectady. He recommended that the Carolina territory be covered as soon as possible. He stated that it would be possible to sign up Mr. Englehardt in the Reading territory provided Mr. Englehardt could secure the Gring interest. He advised that the Sealy Pittsburgh plant had withdrawn from some territory which Reading was covering. Mr. Brody advised that there was several possibilities in Philadelphia, and in his opinion the Silver people would make good Licensees and that they would have his recommendation. Mr. Haas interrupted and advised of some of his negotiations from

McMahon and said in his opinion that Mr. McMahon would best serve the interest of Sealy.

[fol. 340E] 8. Mr. Ostrow moved that based on Mr. Brody's report that the State of Arizona and El Paso territory be covered by the Licensees as soon as possible. Mr. Stein seconded the motion. Passed.

13. Mr. Haas presented a proposition for an Australian factory. Mr. Ostrow moved that if the people in Australia were interested and are willing to pay the transportation and hotel expenses, that we should send a man to organize the territory and assist in setting up a plant and close a Licensee for that territory. Mr. Fouts seconded the motion. Passed.

[fol. 341E] The disposition of the Texas and Oklahoma territory was discussed. Mr. J. R. Haas stated that the U. S. Bedding Company would be willing to pay \$15,000. for this territory at the rate of \$1,000.00 per month and they in turn would expect payment for territory they had ceded to Cincinnati which would amount to somewhere between \$7,000. and \$8,000. On the Texas territory they would be willing to eliminate territories surrounding El Paso that could be included with a possible future plant to include Arizona. Mr. Stein raised the question of giving this territory to Memphis without giving consideration to Denver's request for some portion of the Texas territory. It was decided to have a Committee of three to review this territory and work out a satisfactory deal between Denver and Memphis. It was the contention of Mr. Stein, that Sealy should accept the offer of the U. S. Bedding Company for this territory and they should pay \$15,000. Mr. Fouts stated that in his opinion, Sealy should not sell [fol. 342E] territories. There was considerable discussion. Mr. Fouts moved that Sealy's obligations to Mem-

phis for the territory ceded to Cincinnati be cancelled and the Texas and Oklahoma territory be licensed without charge. Mr. Marquardt seconded the motion, and it was passed.

9. Mr. Haas brought up the Kansas City situation that the City Mattress Company had purchased the Osiason interests. The contract for this territory is being prepared for signature with \$400. per month minimum, or 3% of net sales. Contract is effective as of July 1, 1947.

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13. Mr. Haas advised that the Sealy stock secured from Ft. Pitt and Dallas totalled 170 shares at \$105.00 per share would be offered to the Sealy members in writing.

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[fol. 343E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 59

Minutes of the Meeting of the Board of Directors of Sealy, Incorporated, held at the American Furniture Mart, Chicago, Illinois, Space #920—July 6th, 1947.

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3. Mr. Haas advised that the Osiason Bros. were willing to go ahead on the Fall River contract on the 3% basis as of January 1, 1947, and would subscribe for 45 shares of Posture Products stock.

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6. Mr. Haas reported that Cleveland and Memphis 3% contracts were deferred for the time being.

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9. Mr. Metcalfe asked if Memphis or Sealy, Inc. owned the North Carolina territory and Mr. Haas advised that it was part of the Sealy Mattress Company of Memphis territory. There was discussion on the advisability of dividing the North Carolina territory between East Point, Bluefield and Richmond, if this territory is available. The majority of those present were in favor of this arrangement.

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[fols. 344E-346E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 60

Minutes of the Meeting of the Board of Directors of Sealy, Incorporated held at the Stevens Hotel, Chicago, Illinois—November 20, 1947.

[fols. 347E-348E] 17. The following resolution was offered by Mr. Louis G. Haas, and seconded by Mr. Kaplan:

Now, Therefore, Be It Resolved:

- (1) That Sealy, Incorporated issue to U. S. Bedding Company a license for that portion of Texas and the State of Oklahoma, formerly under license from Sealy, Incorporated to Sealy Mattress Company on the same terms as Sealy Incorporated has issued licenses to other Licensees, to wit: 3% of sales for the first \$1,000,000.00; 2% of sales for the second \$1,000,000.00; 1% of sales for the third \$1,000,000.00; and 2% of all sales above \$3,000,000.00, and that said license contract contain an agreement on the part of U. S. Bedding Company to establish a plant with adequate facilities in the licensed territory not later than June 30, 1950.

[fols. 349E-350E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 61

Board of Directors Meeting Sealy, Incorporated—January 5, 1948.

[fol. 351E] Approval Voluntary 3% Amendments:

Upon motion made and seconded, the Voluntary 3% amendments to the following Licensee contracts were read and approved and the President authorized to execute said amendments on behalf of the corporation:

U. S. Bedding Company  
Ohio Mattress Company  
Sealy of Los Angeles  
Sealy of Northern California  
Sealy of Denver, a partnership composed of Stein and Nierenberg.

[fols. 352E-353E] Approval of Advertising Budget:

Upon motion made, seconded and unanimously carried the appropriation for magazine and periodical advertising for the year ending June 30, 1948 was increased to \$170,000. Such increase is to be used in obtaining certain full page advertisements instead of half page advertisements.

[fols. 354E-355E] North and South Carolina Territory  
Offer by Memphis:

Louis Haas: After giving careful thought to the matter, we have decided to offer the North and South Carolina territory to the Board to be disposed of as they see fit, subject to our approval. We are unable to service this territory properly and therefore thought it best to give it up provided it can be properly serviced.

Chairman: In behalf of the Board we will accept your offer on the basis that the ultimate disposition of the territory will be subject to your approval.

[fols. 356E-358E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 62

Minutes of Executive Committee Meeting, Sealy, Incorporated, held February 20, 21, 1948 at Sealy Headquarters, 666 Lake Shore Drive, Chicago, Illinois.

[fol. 359E] 19. A discussion ensued with reference to the Baltimore and Washington, D.C. territory. It was suggested to have Sidney Sutherland, Sealy Mattress Company of Richmond, continue to temporarily serve Washington, D.C. so he could ascertain for himself whether he was in a position to properly serve this territory as well as his own territory which he is now serving. Mr. Sutherland was to be informed that we would not seek a Washington Licensee or a Licensee to cover that area during the next year or two while he is surveying and servicing this territory. The Baltimore territory was left open for further inquiry in that section in order to exploit possibilities of securing a Licensee in that City to cover Maryland and Delaware.

20. A discussion of the North Carolina and South Carolina territory which the U.S. Bedding Company of Memphis had agreed to release to Sealy, Incorporated upon acquisition of a Licensee for that territory or upon a division of that territory to the Licensees contiguous to that territory was held. It was felt that the Officers of Sealy, Incorporated were not in a position to determine the advisability of permanently dividing this territory at this time since no yardstick for measuring the adequacy of performance was available to the Officers. It was therefore recommended that the Sealy Mattress Company of Atlanta, Georgia (Zimmerman Mfg. Co.), Sealy Mattress Company of Bluefield, Virginia (Graham Mattress Company), and Sealy Mattress Company of Richmond, Virginia (Dixie Mattress Company), temporarily servicing the North Carolina and South Carolina territory in the areas outlined to them by Sealy, Incorporated, be maintained on a temporary basis.

[fols. 360E-363E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 63

Minutes of Executive Committee Meetings held in Chicago at the Space, 920 American Furniture Mart, on Friday and Saturday, September 17th and 18th, 1948.

[fols. 364E-366E] 21. Request of Bluefield, Virginia. The request of Sealy Mattress Company of Bluefield, Virginia to add the territory now assigned temporarily to them from the former High Point territory relinquished to Sealy, Incorporated by Sealy of Memphis was discussed. It was decided that in view of the fact that the temporarily assigned territory to the Licensee at Bluefield was an integral part of a complete territory and in view of the fact that the Licensees at Richmond, Virginia and East Point, Georgia could not be given the same consideration towards making their portion of the High Point territory permanent it was decided not to change the nature of the territory assigned to the Licensee at Bluefield from its present temporary status.



[fol. 367E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 64

[fol. 368E] Reconvened Meeting of the Executive Committee of Sealy, Incorporated held at American Furniture Mart, Space 920, Chicago, Ill., September 30, 1949.

Change in Territory Bluefield

5. Mr. Lawrence offered the following changes in the territory of the Bluefield, Virginia plant and the Richmond, Virginia plant for the consideration of the committee. The Bluefield plant released the following counties: Mitchell, Yancy, MacDowell, Polk, Henderson, Buncombe, Madison, Heywood, Transylvania, Jackson, Swayne, Macon, Clay, Graham and Cherokee. These counties were [fols. 369E-370E] combined in the territory franchised to the new Charlotte licensee. The Bluefield plant acquired the following counties in North Carolina: Iredell, Davie, Forsythe, Davidson, Rockingham, Guilford, Randolph, Caswell, Alamance, Chatham, Person, Orange and Durham.

Richmond

6. The Richmond, Virginia plant acquired the following counties in the State of North Carolina: Johnston, Wilson, Wayne, Greene, Lenore, Craven, Duplin, Jones, Onslow and Cartaret. Upon motion by Louis Haas and seconded by Mr. Ockrant, the transfer of the territory as outlined above was authorized. Mr. Bergmann suggested that the plants be officially notified of the territory added to their permanent contract and that the plants be given notice to withdraw from any territory they may be serving on a temporary basis.

[fols. 371E-372E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 65

Meeting of the Board of Directors of Sealy, Incorporated held at the American Furniture Mart, Room 920, Chicago, Illinois, February 23, 1950.

California Territory

4. Mr. Herbert J. Haas called to the attention of the members a discrepancy in the contracts issued by Sealy, Incorporated whereby the territory listed in the contract to the Oakland plant was also listed in the contract held by the Los Angeles plant. Mr. Ostrow explained that the contract he had with Sealy, Incorporated called for the entire State of California and, as a matter of convenience, he had, some years ago, asked Sealy, Incorporated to issue a contract for the area covered by Sealy of Northern California. Mr. Ostrow expressed his willingness to cooperate in correcting the records regarding the territories listed and the matter was referred to Mr. Herbert J. Haas for preparation of the necessary papers.

[fols. 373E-374E] Milwaukee Contract

16. Mr. Kaplan asked the Board to review the action of a previous Board in granting a renewal of his Milwaukee contract for a five year period. Mr. Kaplan felt that inasmuch as the Milwaukee license agreement had been active for eight years, this contract should be set up on a perpetual basis. The Board found themselves in disagreement with such a contention and reaffirmed their intention of having perpetual contracts authorized only upon the completion of an eight year association with the existing management. The contract for the Milwaukee area was not authorized beyond the five year period.

[fol. 375E] Denver & L.A. Mixing Over Nevada Territory.

23. Mr. Ben Antonoff of the Denver plant was invited in to the meeting.

Mr. Bergmann informed the Board that there was a mistake made in the contract with the Colorado Mattress Company and that the state of Nevada was listed as a territory assigned to them, although the Nevada territory has been in the Los Angeles contract since 1936. An examination of the old contract of the Colorado Mattress Company, which was terminated in 1948, indicated that the Nevada territory was not listed and Mr. Bergmann expressed the intent of the corporation to franchise to the new owners of the Colorado Mattress Company the same territory that was held by the old company. After some [fol. 376E] discussion, Mr. Antonoff said that he would check the records of the Colorado Bedding Company further and advise.

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[fol. 377E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 66

Minutes of the Board of Directors of Sealy, Incorporated  
Meeting held in Space 920, American Furniture Mart, Chi-  
cago, Illinois, June 20, 1950.

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East Point Franchise Termination

8. Mr. Bergmann brought up the matter of the Zimmerman Manufacturing Company with reference to the contractual relationship between that company and Sealy, Incorporated. Sales figures and performance of the East Point plant for the past year were made known to the Board and Mr. Bergmann stated that although Mr. Zimmerman was invited to the meeting, he did not appear. After some discussion, Mr. Fouts made the motion that the agreement with the Zimmerman Manufacturing Company, which will expire July 1, 1950, not be renewed and that the relationship between that company and Sealy, Incorporated be terminated as of that date. This motion was seconded by Mr. Kanter and the vote recorded as ten in favor and none opposed to the motion.

Cincinnati Franchise Termination

9. Mr. Bergmann made a report on the Charles A. Maish Company of Cincinnati. He stated that the Maish Company had decided not to sign the agreement tendered to them at the direction of the last meeting of the Board and that the working agreement with the Charles A. Maish [fol. 378E] Company would terminate on June 15th. Mr. Kaplan made a motion that the officers of Sealy, Incorporated be authorized to handle the open territory in regard to service as they deem fit and that this territory be serviced by the neighboring plants of Cleveland, Chicago, Louisville and Pittsburgh on a temporary basis until new licensees are located for the area. This motion was seconded by Mr. Louis Haas and passed.



### 1 Yr. Extension Passaic Franchise

10. Mr. Bergmann reported to the meeting that the Made-Wel Bedding Company of Passaic, New Jersey had been tendered a one year license arrangement but that the management of the Passaic plant felt that he was entitled to a longer agreement in view of the fact that he had to make commitments on new buildings and additional machinery. Mr. Morris Stein made a motion to tender to the Passaic plant a three year contract embodying requirements as to sales performance and acquisition of manufacturing facilities. This motion was not seconded. Mr. Louis Haas made a motion that the present contract with the Passaic plant, which expired on April 30, 1950, be extended for a period of one year or until April 30, 1951 and that upon that date a regular contract be extended provided the Passaic plant met the requirements outlined at previous meetings. Seconded Mr. Kanter. Passed.

### Kansas City Franchise Renewal

11. The Board noted that the agreements with the Kansas City plant would expire July 1, 1950 and upon motion by Mr. Louis Haas, seconded by Mr. Morris Stein, this agreement was renewed for a five year period.

### Ft. Worth Franchise

12. The agreement with the Texas and Oklahoma plant expired on July 1, 1950 and was extended for a five year period upon motion by Mr. M. A. Kaplan, seconded by Mr. E. M. Wuliger.

13. There being no further business before the Board the meeting was adjourned at 11:00 P.M. by the president.

E. H. Bergmann, President, — — — Vice-President.

\_\_\_\_\_, Secretary.



[fols. 379E-383E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 67

Minutes of the Board of Directors of Sealy, Incorporated  
Meeting held September 14, 1950, at the Park Lane Hotel,  
Denver, Colo.

Charlotte, N.C.

4. Mr. Bergmann presented to the meeting the details concerning the change in the ownership of the stock of the American Bedding Company of Charlotte, North Carolina, and gave his comments regarding that company. Mr. Lawrence gave to the meeting recent sales figures regarding the performance of the Charlotte member, and there was a general discussion regarding this franchise. Mr. E. J. Kanter made a motion that the change in the ownership of the American Bedding Company be approved by the Board and that the contract dated September 19, 1949, and expiring September 30, 1952, be continued with the new owners. This motion was seconded by Mr. L. G. Haas and placed to vote before the members. The Board voted themselves in favor of this motion and instructed Mr. Lawrence to inform the officials of the American Bedding Company of the decision to continue the contract.

Alaska

5. Mr. Bergmann read a request he had received from Mr. Ben Rosenfeld of Pettit Bedding Company of Portland, Oregon, for a franchise for the Alaska territory. There was a general discussion regarding the potentialities of this territory and the sales that were being made in Alaska. Mr. L. G. Haas made a motion that the Pettit Bedding Company be granted a three year license for the Alaska territory on a regular contractual basis with the exception that there would be no minimum royalty payments required for the first three years. This motion was seconded by Mr. Morris Stein and passed.

[fol. 384E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 68

Minutes of Sealy Board of Directors held in Space 920,  
American Furniture Mart, Chicago, Illinois, January 8,  
1951.

[fol. 385E] Procedure for Checking Conformity to Sealy  
Specifications

11. There was a general discussion in regard to the method of checking Sealy re-sale items manufactured by the plants for conformity to the specifications. The following procedure was offered to the meeting, and by motion from Mr. Fouts and seconded by Mr. Brown the Board voted themselves in favor of following and publishing the procedure stated:

Routine of Procedure on Violation of Specifications

1. Sealy Incorporated shall purchase from retail stores one Sealy resale mattress each year from every franchise territory. These mattresses are to be sent to the Sealy space in Chicago for examination by the officials of Sealy, Incorporated for conformance to specifications and review by the Executive Committee.
2. The officials will examine these mattresses for any deviations from specifications with primary emphasis on the following four cardinal requirements:

- [fol. 386E] (a) Correct unit as to coil count; construction and gauge of wire.
- (b) Sufficiency, quality and specified upholstery materials including the insulator.
- (c) Specified or equal grade of cover.
- (d) Tailoring and general appearance and incorrect labeling.

3. Upon discovery of any violation covered by the four listed requirements in Paragraph II, Sealy Incorporated officials are directed to purchase, from two additional retail sources, two additional mattresses, manufactured

by the same licensee, of the same resale level for further examinations to determine the prevalence of such violations. These said mattresses are to be purchased at the expense of the licensee, and licensee shall be notified of the violation and of the additional purchase at his expense.

4. Upon discovery of the same or additional violations, Sealy Incorporated officials are directed to purchase from retail sources one mattress in each of five resale brackets, manufactured by the same licensee at the expense of the licensee and licensee shall be notified of the additional violations and of the additional purchases at his expense.

5. All violations will be called to the attention of the Board of Directors at the next regular meeting or at a special meeting, called by the President.

- (a) Licensee will be notified in writing of the violations. If the violations are of such nature and extent to warrant a review of the licensee's contract by the Board of Directors for violation of manufacturing requirements in accordance with specifications issued, then the licensee shall be given a 30 day written notice of such meeting and shall be given an opportunity to be heard by the Board of Directors prior to action taken on licensee's contract.

[fol. 387E]      Code of Sealy Ethics

15. Mr. Bergmann read to the meeting his suggestions for establishment of a Code of Sealy Ethics. He stated that he had been in discussion of the suggestion of code of ethics with the members of the Sealy organization and offered the following recommendations. After some discussion the Board adopted the following Code of Ethics and suggested that they be sent out to the Sealy licensees for the purpose of establishing and maintaining friendly relationships between and among the contiguous Sealy plants:

## Sealy Ethics

"For the purpose of establishing and maintaining friendly relationships between and among contiguous plants, the following guide of conduct has been adopted by the Sealy Board of Directors in the interest of a good neighbor plicy."

1. Specifications of manufacture will be rigidly followed in all details.
2. No seals of approval obtained by Sealy Incorporated will be used, imitated or duplicated in private brand merchandise.
3. No Sealy advertising, merchandising, illustrations or ideas will be used in private brand merchandise.
4. No distinctive Sealy construction patented or otherwise will be used in private brand work outside of licensees' exclusive Sealy territory *even though used by other competitors.*  
[fols. 388E-389E]
5. Sealy bulletins will be kept confidential.
6. Sealy prestige will not be used in the sale of private brand merchandise, within or without, licensees' exclusive Sealy territory and no reference or innuendo will be made that said merchandise is Sealy made.
7. No Sealy licensee will make disparaging remarks regarding another licensee.
8. Private brand merchandise, including upholstered furniture, will not be sold to dealers outside of licensees' exclusive Sealy territory in any of the Sealy display spaces.
9. Critical supplies obtained by Sealy Incorporated will not be used in private brand merchandise nor will said supplies be sold to others or used as an item of exchange.
10. Sale of Sealy merchandise will be avoided when it is known that said Sealy merchandise is being channeled to points outside of licensees' exclusive Sealy territory.
11. No Sealy merchandise shall be sold outside of licensees' exclusive Sealy territory.
12. No confusing or distracting advertisement of

Sealy or private brand merchandise will be placed to break at same time that a known Sealy Incorporated or contiguous plant advertisement is scheduled.

13. Adopted Sealy names will not be used on private brand merchandise.

14. Distinctive Sealy designs of ticking will not be duplicated or imitated on private brand merchandise.

15. Distinctive Sealy designing of upholstery merchandise will not be duplicated or imitated on private brand merchandise.

16. Full cooperation will be rendered every licensee in the sale of Sealy merchandise during markets by each licensee present.

17. The Non-pirating of employees will be strictly observed.



[fol. 390E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 69

Minutes of Board of Directors of Sealy Incorporated held March 15, 1951, Room 1, Hotel Muelhebach, Kansas City, Missouri.

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[fol. 391E] Full Time Employment of E. H. Bergmann

12. The meeting was reconvened at 1:30 P.M. with Mr. Kaplan acting as chairman. Mr. Kaplan asked that all members except Board members be excused from the meeting. Roll call showed the same Directors present as at the morning session with the exception of Mr. Bergmann. There was a general discussion of the advisability of employing Mr. E. H. Bergmann on a full time basis in his position as President of Sealy Incorporated. The Board members suggested that the two vice-presidents, Mr. Haas and Mr. Kaplan, discuss the matter with Mr. Bergmann and reach a conclusion as to salary, etc. Mr. Kaplan acting as chairman of the committee reported that it was agreed upon by Mr. Bergmann and the committee that Mr. Bergmann commence full time application of his efforts to Sealy Incorporated on April 2, 1951. His salary and remuneration is to be \$25,000.00 annually, to be divided between Posture Products Incorporated and Sealy Incorporated. The division of the remuneration to be made at the next Directors meetings of Posture Products Incorporated and Sealy Incorporated.

Fisher Products Company of Chester, Pennsylvania

13. Mr. Bergmann, Mr. Lawrence and Mr. Zarish returned to the meeting and introduced to the members Mr. Irving Fisher of the Fisher Products Company, Chester, Pennsylvania. Mr. Bergmann introduced Mr. [fol. 392E] Fisher and stated that the purpose of his ap-

pearance before the meeting was to seek a license agreement in the Philadelphia area. Mr. Lawrence was called upon to give an outline of his negotiations with Mr. Fisher and a report of his trip to Chester, Pennsylvania. Mr. Fisher gave an outline of his intended handling of the Sealy franchise in that area and after answering questions of the Board members was excused from the meeting. Mr. Culp made a motion that the Fisher Products Company of Chester, Pennsylvania be granted a contract for the Philadelphia area, details in regard to territory arrangements, etc., be worked out by Sealy officials. This motion was seconded by Mr. Yulman and passed.

[fol. 393E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 71

Minutes of Sealy, Incorporated Reconvened Board of Directors Meeting Held in Pittsburgh, Pa., September 15, 1953.

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[fol. 394E] Review of Exclusive Sales Features of Sealy Contracts

5. Mr. Bergmann stated that he would like to bring up the subject of exclusive sales features of Sealy contracts as covered by sections IV, paragraphs 4A and 4B for discussion and comments from the various members. He pointed out that these sections read as follows:

IV:4 "That the licensee shall not; a. manufacture, sell, or deliver within licensee's exclusive territory any products competitive to Sealy which bear labels, trademarks, tradenames, or slogans of any nationally advertised competitor of Sealy. b. Sell or deliver any Sealy products outside of licensee's exclusive territory, nor sell nor deliver Sealy products if licensee knows or has reason to believe that the purchaser intends to resell or deliver same for resale out of licensee's exclusive territory."

Mr. Bergmann stated that the reason he brought the matter up was that he felt such provisions would ultimately hinder the national growth of Sealy, and that some modification should be worked out to allow the Sealy office in Chicago to sell on a national basis. Also, to solve selling problems arising between contiguous plants. Each member of the Board was asked to relate how this exclusive contract feature affected his particular plant. This discussion clearly indicated that in nearly every case that difficulties existed that were real and serious. It was the census of the Board that the president should appoint a special panel to study the problem and to make a recommendation to the Board for further consideration.

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[fols. 395E-396E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 72

Minutes of Sealy, Incorporated Board of Directors Meeting held at San Souci Hotel, Miami Beach, Florida, April 5, 1954.

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[fols. 397E-398E] Sale Conflicts between Contiguous Plants

12. Copies of the recommendations of the special committee appointed to formulate a program for handling sale conflicts between contiguous plants were given to the Directors. This special committee consisted of J. F. Haas, Chairman, Messrs. Fouts, Fisher, Howard, Kligman, Yulman and E. C. Haas, Sr. After a review of the recommendations of the special committee, Mr. Rudick made a motion that the recommendations be accepted and approved and that an outline of the procedure be presented to the licensees in a Sealy procedure bulletin. This was seconded by Mr. Rosenfeld and passed.

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[fols. 399E-400E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 74

Minutes of the Board of Directors Meeting held in Chicago, September 21st, 1954.

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[fol. 401E] Brooklyn Relocation Request

13. There was a general discussion regarding the proposal of the Brooklyn plant to try to locate a new plant in a territory outside of their own franchised area. Mr. Bergmann stated that while it was not a matter to be acted upon by the Board of Directors inasmuch as present contracts would prohibit such a move he would like to get the reaction of the Board Members as to their feeling [fol. 402E] in the matter. There was a consensus by most members that considerable difficulty would be created by locating one licensee plant in the territory under franchise to another and that they would be unfavorable to such a request if it was made direct to them.

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Discussion on Sale of Private Brands Outside Territories

18. There was a general discussion, on the subject of the sale of private brand merchandise in [fols. 439E-404E] contiguous territories. Mr. Bergmann stated that problems have come about due to the growth and expansion of the Sealy plants along with the recognized acceptance of the Sealy name. After some discussion on the subject by various members it was suggested that the members write to Mr. Joseph Haas their suggestions as to approach or solve the particular problem, sending a copy of the letter to Mr. Bergmann, Mr. Haas to correlate the replies and submit a report at a later meeting.

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[fol. 405E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 75

Minutes of the Board of Directors Meeting held November the 11th, 1954, Conrad Hilton Hotel, Chicago, Illinois.

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[fol. 406E] Report on Vigilante Program

9. Mr. Bergmann gave a report on the letters he had written and the replies he had received to those letters in regard to mattresses purchased on the Vigilante Program for the purpose of checking conformity to specifications. At the conclusion of the report the Board expressed itself heartily in favor of continuing the Vigilante Program and expressed their feeling that it had excellent merit.

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[fols. 407E-408E] Conflict Arising From Sale of Private Brands

14. Mr. Bergmann stated that considerable discussion and work had been done on the problem of the conflict arising from sale of private brand merchandise in adjoining Sealy territory and that the staff and the attorney for the corporation were offering an outline of a method to handle this problem. It was brought to the Board's attention that competition between Sealy products and its licensees' private brands is either expressly permitted in most licensee contracts or by implication, and interpretation accepted as within the established policy of Sealy. However, what is absolutely prohibited is the sale of private brand merchandise directly or indirectly, under the Sealy banner, or using the Sealy name or prestige in any way to merchandise or sell private brand merchandise. Various possible solutions were discussed and the meeting developed into a rather lengthy discussion regarding

this subject. Due to the many legal problems involved the consensus of the discussion was that the parties effected get together to see if they can work out a solution between them. Mr. Bergmann offered the services of himself and his staff to help reconcile any differences brought up by the parties.

[fol. 409E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 76

Minutes of the Board of Directors Meeting held in Chicago, Illinois, January the 6th, 1955, at Sealy, Incorporated Offices, 666 North Lake Shore Drive.

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[fol. 410E] Exchange of Territory Chicago & Detroit Plants

6. Mr. Bergmann reported to the meeting that the Chicago plant had agreed to release the following counties in the state of Michigan to the Detroit plant effective February the 28th, 1955: Bay, Jackson, Saginaw and Shianasee. The Chicago plant also agreed to transfer the county of Ingram to the Detroit plant if by February the 28th, 1956 they had not accomplished a sales potential in that county which amounts to approximately \$45,000 of sales. Mr. Bergmann thanked Mr. Kaplan for his consideration in the matter, and the transfer of the counties to the Detroit plant was received with acclamation by the Board.

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[fol. 412E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 77

Minutes of the Board of Directors Meeting held in Memphis, Tennessee on April 20, 21, 22, 1955.

Minutes of 1/6-7/55

5. There was a review of the minutes of the Board of Directors meeting of Jan. 6-7, 1955. The president reported the exchange of territory under Item #6 between Chicago and Detroit plants had been completed and that both contracts had been amended accordingly.

Mr. Kaplan made a motion to approve the minutes of Nov. 11 and 12, 1954, and Jan. 6 and 7, 1955 as reviewed. This was seconded by Mr. Walzer and passed.

[fol. 413E] Minutes of Executive Meeting 2/3/55

6. There was a review of the minutes of the Executive Committee meeting of Feb. 3, 1955. Mr. Bergmann stated the current information regarding the Golden Sleep promotion was being withheld until after this board meeting. Item #8 relating to the size of the Advertising Committee was reviewed. The president stated the primary reason for the size of this committee was to balance it between plant representatives doing a large resale and those doing a large promotional business. Also, he felt it was necessary to bring in people who were deemed to be advertising minded and to train new members. He recommended the following policies to enable the committee to function as proposed:

- (1) Policies and programs can only be adopted by approval of the full committee.
- (2) The Steering Committee is to have two functions:
  - a. To act as a planning committee for the full committee.
  - b. To serve as an executive committee on advertising and merchandising to the Sealy staff on occasions when quick decisions or approvals are re-

quired on programs approved by the full committee.

- (3) Effective with the November, 1955 annual meeting the full Advertising and Merchandising Committee shall consist of the Chairman of the Executive Committee and one member from each of the six geographic regions.
- (4) The Steering Committee is to consist of the Chairman of the Executive Committee and one member from each of the three regions that produces the greatest income for the corporation.

Several recommendations were made by various members of the board in regard to the Advertising Committee. Mr. Walzer expressed his opposition to the present size of the committee and stated it has become unwieldy because of the size. He stated time was lost in getting the opinion of members and there is difficulty in getting work done. He also expressed his opposition to the necessity for a [fol. 414E] division of the committee. Mr. Kaplan stated the primary objective of the Advertising Committee is to prepare and guide advertising policies of Sealy with reference to the amount of money available for expenditure. He stated the job of the chairman in his opinion is to organize the meeting to promote creative thinking among members and not to have the committee serve primarily as a pick and shovel team. He felt the people on the Advertising and Merchandising Committee should be creative and have directive ability with national effort in mind rather than local effort.

#### Size of Advertising Committee

Mr. Brown made a motion that the Board immediately direct the president to select a chairman of the Advertising Committee and to meet with that chairman to pick members, not to exceed five in number. This motion was seconded by Mr. Culp and passed. Mr. Fouts suggested an amendment to the motion, that the members be selected by qualification and possible geographic representation; this was not incorporated in the motion but the president stated he would be guided by the recommendation.

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[fol. 415E] Report of the Planning and Expansion Committee to the Board of Directors of Sealy, Incorporated

On January 27, 1954, our President, Mr. Bergmann, appointed various Committees which included the Planning and Expansion Committee. Members of this Committee consist of:

H. B. Fouts, Chairman  
 L. G. Haas  
 Ben Rosenfeld  
 E. M. Wuliger  
 M. H. Yulman  
 P. D. Brown

The Committee tried, on several occasions, to hold meetings, but was unsuccessful. Therefore, the meeting held in Chicago, September 18th and 19th, 1954, was the first formal meeting of the Committee. Mr. Yulman advised that he would not be able to attend the meeting, therefore, Mr. Bergmann appointed Mr. P. D. Brown to serve on the Committee, and he was adopted as a permanent member.

The roll call shows the following present: H. B. Fouts, L. G. Haas, Ben Rosenfeld, and P. D. Brown. Mr. M. H. Yulman was not present at either of the meetings. Mr. E. M. Wuliger was not present on the 18th, but attended the meeting on the 19th.

The responsibilities of this Committee as outlined by Mr. Bergmann are as follows:

- A. Study future requirements of Corporation and its Licensees.
- B. Establish goal and set up program of procedure.
- C. Recommend to the Board of Directors expansion of personnel deemed necessary to fill requirements of the Corporation, or additional services to member Licensees.

The Committee's first attempt was to set up procedure and rules. We decided that because of the nature of this Committee's responsibilities, as outlined above, it should consider any and all matters both present and future that

pertained to the growth, expansion, and operation of Sealy, Inc., and that consideration of any and all subjects should not, in any way, be considered as interfering with the responsibility of any of the other Committees. It is the desire of this Committee, when possible, to have a [fol. 416E] unanimous agreement on any and all matters that are to be recommended to the Board, but that where that is not possible, a recommendation will not be submitted to the Board, unless it had received the approval of not less than *four* (4) members of the Committee.

#### Organization:

We suggest the officers of Sealy, Inc., consist of a President; one or more Vice President; a Secretary; and a Treasurer.

There is nothing new in the above suggestion, except that you have probably already noticed that we have eliminated the title of Exchange Vice President. We did this because we believe that the title under present operation is meaningless, and since Mr. Bergman is actually General Manager of Sealy, Inc., there is no need for the title of Executive Vice President, because it tends to confuse. We hope Mr. Lawrence will understand our aim and that he will be agreeable to the streamlining of the officer titles. This Committee feels that the best interest of Sealy, Inc., would be served, if Mr. Lawrence were elected Secretary and Treasurer. It is this Committee's judgment that the welfare of Sealy, Inc., could best be served if *all* officers were on the Sealy Staff, and were employees of Sealy, Inc.

#### Management:

The postwar Planning Committee, on December 3, 1943, among other recommendations, strongly recommended that the President be required to live and headquarter in the same City in which Sealy's home office is located. At that time, Mr. Haas was President, and lived and headquartered in Memphis, Tenn. Again, in April, 1946, the Committee made the same recommendation. This Committee now, on September 20, 1954, but with several new members, again recommends that the President of Sealy, Inc.,

as soon as possible, headquarter in the Sealy, Inc., national offices in Chicago. We make this recommendation in the interest of all, even the President himself. We believe that he can better, and more easily, handle the tremendous obligations that rest upon his shoulders if he officed at headquarters, and we do sincerely hope that Mr. Bergmann will give this recommendation serious consideration and, if possible, comply with it as soon as possible.

We recommend that the title of General Manager be added to that of Mr. Bergmann, now President, and that several additional persons and titles be added to the Sealy Staff.

We feel that Sealy, Inc., should have a General Sales and Promotion Manager, who would operate in that capacity, and under him, we recommend that [fol. 417E] three (3) additional men be added to the Staff; District Sales and Promotion Managers. One to be located in the East, one in the Midwest, and one in the West. That they be assigned districts and that they be responsible for the sales and promotion of the Sealy plants within their district. That they headquarter in the most convenient location, to best serve the plants in their area. That they spend their entire time and effort in that capacity.

It is the Committee's belief that it is unfair to any Sealy Licensee, to be requested to serve as Chairman of the Advertising Committee. We believe that responsibility should be carried by some capable person on the Sealy Staff, but that the membership of that Committee be made up of Licensees, who would be named by the President.

In addition to the above enlarged Staff, we recommend that some qualified person be hired for the purpose of improving and expanding Sealy's Upholstering Department. That this man be given the title of Director of the Upholstering Division, and that his responsibilities would be to increase the output of Dual Sleep and other upholstered items in the Sealy line. That he work with the plants, with the designer, with the suppliers, etc., and that he use his efforts to induce those plants who are not presently making upholstered furniture, to do so. It is the Committee's belief that each and every Licensee should, as soon as possible, be required to produce Dual

Sleep merchandise. Also, that a considerable volume could be added if the Dual Sleep line included such items as matching chairs, revolving T.V. chairs, and matching platform rockers.

#### Board of Directors:

It is the opinion of the Committee that the Board of Directors should, at all times, consist of capable, energetic, ambitious, and sound thinking men, who have the interests of Sealy, Inc., at heart, and that it is to the interest of Sealy, Inc., to use the talents and abilities of as many of its members as possible, therefore, the Board should be filled at all times, with men of that caliber. However, the Committee does feel that there is considerable danger in the present policy of having alternates serving on the Board of Directors. This is a very ticklish subject and one which must be thoroughly understood, otherwise, it might cause offences. The Committee wishes to make it very clear that it has the highest regard for those alternates who are presently serving on the Board, and that the *only* reason for recommending the elimination of alternates, is because of the dangers of such a policy. Example: If one Board member is privileged to have an alternate, it would be very difficult to refuse the same privilege to each and every Board member. Therefore, in order to be absolutely fair to everyone concerned, the elimination of alternates entirely, would be the answer. [fol. 418E] However, if we do not want to go that far, we might recommend that no alternates other than those presently serving, are to be permitted, and that reasonable effort be made to correct that situation as soon as practical.

#### Territories:

The Committee understands that within the near future, reports of shipments of Sealy merchandise will be given by trading areas. It is the opinion of the Committee that many trading areas in this entire country are not producing the volume of Sealy business, that could reasonably be expected, and that after this survey has been completed,



that the management of Sealy, or the Board, or both, try to find ways and means of correcting the conditions where they are not satisfactory.

We believe that in many instances, territories are entirely too far from the sources of supply, or in other words, they are entirely too far from the Sealy plant which serves them. Therefore, additional factories, or warehouses, should be established, to serve those areas. That solution, or some other, undoubtedly can be, or at least should be found to bring all territories up to the reasonable par, and by so doing, it undoubtedly, would increase the overall volume of Sealy, Inc., tremendously. The Committee recommends that this matter be given serious consideration, and that some attempt be made to correct it.



[fols. 419E-420E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 78

Review of Minutes by the President

April 20, 1955—Board of Directors Meeting

[fols. 421E-422E] Review of Minutes by the President

16. Item 7, page 10. In connection with intra-plant conflicts Mr. Bergmann stated that he had met with Mr. Fouts May 20th and 21st in Des Moines, Iowa, prepared a preamble (copy of which was presented at this meeting), and had selected Mr. James Hume, senior partner of the firm of Wilkinson, Huxley, Byron & Hume, as the third member of the committee; that on June 2nd a letter to all complainants had been issued calling a meeting on June 16th prior to which the complaint should be reduced to writing, and that both complainants and others interested would be heard at that time; that a meeting had been held on June 16th and a fifteen day period given within which all parties might make additional responses to the committee.

The committee will meet and make a final recommendation to the September meeting of the board.

[fol. 423E] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 79

Report of Committee Appointed to Investigate and Make Recommendations in Connection with Conflict Arising from the Sale of Private Brand Merchandise.

The committee authorized by the Board of Directors at the April meeting, and consisting of E. H. Bergmann, Harry B. Fouts and James P. Hume, has met, read and discussed the complaints, heard evidence and listened to the arguments and suggestions of all interested parties. As a result the committee unanimously submits the following findings and recommendations:

1. That within the limits of the license contract and the law Sealy must and will protect its name and trademark and can do so up to the limit but not beyond, of preventing or unreasonably abridging the sale of private brand merchandise; and that Sealy may and must insist that such sales be fully and completely divorced from any connection with Sealy by any act of commission or omission on the part of any licensee including the use in common for Sealy and private brand merchandise of trucks, cartons, bags, salesmen's cards, stationery, invoices, checks, adjustment slips, credits, vouchers, or personnel.
2. That Sealy cannot under any circumstances permit violation of its trademark and trade name rights and that Sealy is compelled to take any and all steps that may be necessary to prevent infringement, misuse or dilution of any or all of its trademarks or trade names.
3. That both under the license contract and the law the right of Ohio Mattress Company or any other licensee to sell private brand merchandise within or without its Sealy territory is recognized and may not be terminated or unreasonably abridged.
4. That the Ohio Mattress Company in conducting the sale of its private brand mattresses has consciously and knowingly employed the good will and reputation of the trademark and trade name of Sealy as well as its own reputation as a Sealy licensee.
5. That such employment has resulted from numerous acts which collectively have had the effect of associating

Ohio Mattress Company's private brand mattresses with the name Sealy and the reputation of Sealy, Inc. to the end that the reputation for high quality mattresses possessed by Sealy, Inc. has been and is being appropriated and applied to Ohio's private brands and the sale thereof. [fol. 424E] 6. That such use and employment by Ohio Mattress Company has been carried out with such knowledge on its part and with such ability by it to control the acts occurring in the market place with respect to the sales thereof as to constitute wrongful use of Sealy's trademarks and trade names in violation of Ohio's contract with Sealy, giving rise to the right of cancellation of said contract by Sealy, upon arbitration thereof.

7. That the committee recognizes the possibility that it cannot erase the knowledge already conveyed in certain cases that the Ohio Mattress Company is a Sealy licensee but believes that if all acts heretofore condemned are eliminated and the conduct of Ohio Mattress Company or any other licensee is rigidly policed, this memory will fade and the private brand products of Ohio or such other licensee forced to compete as they should upon their own merit and reputation.

8. That in order to meet the particular problem as it presently exists, and to dissipate the effects of the wrongful acts, and to purge itself of intent to continue or repeat such conduct, the Ohio Mattress Company should refrain from making any further sales of private brand merchandise outside of its Sealy territory to those outlets specifically referred to in the complaints until the wrongful effects of the conduct of the Ohio Mattress Company which created the dilution and injury to Sealy are fully dissipated.

9. Whereas the substance of the foregoing statements have been directed primarily to the Ohio Mattress Company the principles herein stated are applicable to all licensees with the same force and effect.

10. That in view of the fact that the present royalty program which exempts the sale of private brand merchandise outside of the Sealy territory and thus places a premium upon such sales, the committee recommends the Board re-examine the royalty program with the view of including such sales within the royalty program.

Respectfully submitted, E. H. Bergmann, Harry B. Fouts, James P. Hume.

[fol. 425E] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 80

Minutes, Board of Directors Meeting Sealy, Incorporated,  
Held at the Conrad Hilton Hotel, Chicago, Illinois No-  
vember 10, 1955.

[fol. 426E] Arbitration Committee

9. The president stated the matter of the action to be taken on the "Report of the Committee Appointed to Investigate and Make Recommendations in Connection with Conflicts Arising from the Sale of Private Brand Merchandise" had been considered at the Sept., 1955 meeting, and eight (8) members of the board had requested that all material submitted to the special committee be made available to them, and that action be withheld pending an opportunity on their part to review the same.

The president called on legal counsel, who had presided at the special meeting of such eight (8) members, to give a report thereof. Counsel advised that the meeting had been held at 10:00 A.M., Nov. 10, 1955, was attended by all eight (8) members, and the matter thoroughly discussed.

As a result thereof, the group had unanimously approved the recommendations and findings of the special committee, but had suggested it be made clear that the principles enunciated and the recommendations based upon such principles be adopted as the general policy of the entire board and strengthened by a further provision that, in the event the remedial recommendations suggested in such situations were not complied with by an affected licensee, provision should be made to place such contract in arbitration, or that such contract be terminated (depending upon the type of contract involved) unless the affected licensee complied with the remedial recommendations made by the committee. The group also approved the findings of fact made by the special committee.

A full discussion ensued, E. M. Wuliger pointing out that since the committee had been appointed to investigate general conflicts without any special reference being made to any particular licensee, the terms of the recommendations should be more general in application.



[fols. 427E-428E] H. B. Fouts, a member of the special committee, stated that while this was true, the committee could not ignore the fact that specific complaints had been made and the committee had found certain facts and made recommendations with regard to a specific situation as well. It was the consensus of opinion that such specific findings were within the general authority of the special committee.

Thereupon, upon motion of M. H. Yulman, seconded by Wm. H. Walzer, the following resolution was unanimously adopted:

**Resolved:** That the recommendations of the special committee appointed to investigate and make recommendations in connection with conflicts arising from the sale of private brand merchandise be deemed by this board to be of general application to all licensees insofar as such report contained statements of policy, established proposed standards of operation, and made recommendations of remedial action.

**Further Resolved:** That in any situation where remedial recommendations are not complied with by an affected licensee, that such licensee's contract involved be placed in arbitration or terminated as the case might be.

**Further Resolved:** That the findings of fact by the special committee on the particular complaint involved be accepted, and that Paragraph 8 of the recommendations be amended by adding the following sentence to said paragraph: "The implementation of this recommendation shall be effected by a joint agreement between the staff, the complainants, and the Ohio Mattress Company designating which accounts the Ohio Mattress Company should not solicit and the period of time during which such restriction should be exercised; and, in case of a failure of such parties to so agree, the designation of such accounts and the period of time involved shall be referred to the board for final action."

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[fols. 429E-430] IN UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 82

Sealy, Incorporated, Minutes, Board of Directors Meeting,  
Held at The Principal Office of the Corporation, 666 Lake  
Shore Drive, Chicago, Illinois, November 14, 1956.

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Balance Sheet as of Sept. 30, 1956

4. The statement of assets and liabilities as of Sept. 30, 1956, was presented and reviewed. The board was apprised of the problems which had been encountered in connection with the Orlando plant, beginning in June, 1956, and continuing to their termination by purchase of the plant by the corporation on Sept. 7, 1956.

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[fol. 431E] Orlando and Georgia Territory

11. The President brought before the Board the offer of E. M. Wuliger to purchase the Orlando, Florida, plant, for the sum of \$105,000.00, and to take over the State of Georgia, the offer for Georgia being conditional upon (a) his obtaining the Florida plant, and (b) that there be no requirement for the immediate establishment of a plant in Georgia. The President revealed that a financial statement had been given by Mr. Wuliger which indicated he could carry out the program.

It was also announced that an offer had been made for the Florida plant by a group consisting of H. F. Kaufman, M. I. Walzer, W. H. Walzer and M. H. Yulman. A full discussion ensued.

It was the consensus of opinion of the members of the Board that the offers be considered only if the successful bidders would agree to take both the Georgia and Florida territories, with the understanding that immediate steps be taken to develop the Georgia territory, and that the license contract for Georgia should call for royalties on actual sales for the first year, and for the remaining years either the actual sales or 25% of par during the second

year, whichever was greater; actual sales of 50% of par during the third year, whichever was greater, and that at the end of the third year a plant would be established unless full par had been achieved; that, assuming satisfactory compliance with the contract for three years, a five year contract for Georgia be granted with royalty provisions of actual sales or 60% of par, whichever was greater, during the fourth year; actual sales or 70% of par, whichever was greater, during the fifth year; actual sales or 80% of par, whichever was greater, during the sixth year; actual sales or 90% of par, whichever was greater, during the seventh year; and actual sales or 100% of par, whichever was greater, during the eighth year.

It was brought out that in relinquishing Georgia the Memphis licensee had agreed to serve that state until a new licensee took the territory over and established a plant there. At the request of the President, Mr. E. C. Haas, Sr., representing the Memphis licensee, agreed to waive the requirement of a plant and stated that the territory should be considered released to the new licensee approved by the Board.

Both E. M. Wuliger and the group of four agreed to the conditions and left the room. On a vote it was resolved that the Georgia and Florida license contracts, on the condition set out above, which included \$105,000.00 purchase price for the Florida plant, should be given to the group of four: Messrs. H. F. Kaufman, M. I. Walzer, W. H. Walzer and M. H. Yulman.

#### Sealy Stock Owned by Sidney Sutherland

14. The Board was apprised of the fact that E. M. Wuliger had made an offer of \$4,000.00 to Sidney Sutherland for the Sealy stock owned by him and a full discussion ensued. On motion of Ben Rosenfeld, seconded by L. G. Haas, it was unanimously resolved that the executive office be instructed to ascertain whether or not it would have any effect on the value of the stock if E. M. Wuliger purchased it, or if the corporation purchased it, and, assuming no change would result, and all things being equal, that E. M. Wuliger be allowed to purchase the stock rather than the corporation.

[fol. 433E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 83

May 26, 1941.

Territory—J. Osiason & Sons Company  
154 Broadway, Fall River, Mass.

(Revised territorial agreement effective April 1st, 1941)

Rhode Island

Entire state

Massachusetts—Counties of—

*Middlesex County*, less the following cities:

Melrose	Waltham	Burlington
Arlington	Reading	Everett
Waverly	Lexington	Belmont
Wakefield	Medford	Newton
Wobars	Cambridge	Winchester
Maldon	Watertown	
Somerville	Stoneham	

Worcester County

Bristol County

Barnstable County

Dukes County

Nantucket County

Plymouth County—list cities of Hingham & Hingham  
Center

Norfolk County, less the following cities:

Wellesley	Needham	Baintree
Milton & E. Milton	Dedham	Mattapan
Weymouth—E. H. & So.	Quincy	
	Brookline	

Less unlisted intermediate towns, villages and rural areas  
within a fifteen (15) mile radius of Boston proper.

[fol. 434E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 93

SEALY INCORPORATED

"Bringing Better Sleep To Millions of Homes"

N. S. Pittsburgh, Pa.

Telephone Cedar 3365-6-7-8

Memphis, Tennessee  
September 10, 1942

Sealy, Incorporated,  
Chicago. Ill.

Dear Mr. Craig,

Enclosed I am handing you a signed copy of the letter today received back from Sealy Mattress Company\* of Chicago with reference to the eleven counties which we are conceding to them on the basis that they are their territory until we revoke this permission.

Please file this in your book under territories.

Sincerely, Sealy, Incorporated, J. R. Haas.

JRH'H

## [fol. 435E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 103

## Memphis

The following states in their entirety.

Alabama  
Mississippi  
LouisianaArkansas  
Tennessee  
Kentucky

Florida

The following territory in Indiana

Jennings

Jefferson

Scott

Clarke

Floyd

Harrison

Washington

Jackson

Lawrence

Orange

Crawford

Perry

DuBois

Martin

Davies

Knox

Pike

Gibson

Spencer

Warwick

Vanderberg

Posey

The following territory in Illinois

Clarke

Crawford

Lawrence

Wabash

Cumberland

Jasper

Richland

Edwards

White

Gallatin

Hardin

Polk

Saline

Hamilton

Wayne

St. Clair

Clinton

Madison

Christian

Effingham

Shelby

Fayette

Marion

Jefferson

Franklin

Williamson

Johnson

Massac

Pulaski

Alexander

Union

Jackson

Perry

Randolph

Monroe

Washington

Bond

Montgomery

Sangamon

Macoupin

Morgan

Scott

Pike

Green

Jersey

Calhoun

Clay



## The following territory in Missouri

Clarke	Osage	Dent
Scotland	Gasconade	Crawford
Schuyler	Franklin	Washington
Adair	Warren	Iron
Knox	St. Charles	Reynolds
Lewis	St. Louis	Carter
Marion	St. Louis City	Ripley
Shelby	Webster	Butler
Macon	New Madrid	Wayne
Randolph	Pemiscot	Madison
Monroe	Jefferson	St. Francois
Ralls	Miller	St. Genevieve
Pike	Maries	Perry
Lincoln	Pulaski	Bollinger
Montgomery	Phelps	Cape Girardeau
Audrian	Texas	Scott
Callaway	Howell	Mississippi
Boone	Oregon	Stoddard
Cole	Shannon	Dunklin

[fol. 436E]

Allen	Grant	Decatur
Whitley	Blackford	Franklin
Adams	Randolph	Ripley
Wells	Madison	Dearborn
Huntington	Hamilton	Ohio
Wabash	Clinton	Switzerland
Jay	Montgomery	Bartholomew
Delaware	Warren	Johnson
Tipton	Park	Brown
Boone	Hendricks	Morgan
Tippicanoe	Marion	Monroe
Fountain	Hancock	Green
Vermillion	Henry	Sullivan
Putnam	Wayne	Vigo
Miami	Union	Clay
Cass	Fayette	Owen
Carroll	Rush	
Howard	Shelby	

[fol. 437E] Following territory in Iowa

Howard	Louisa	Dubuque
Allamence	Henry	Jones
Fayette	Wapalio	Clinton
Bremer	Scott (temporarily)	Muscataine
Delaware	loaned to Chicago)	Iowa
Jackson	Van Buren	Washington
Limm	Winneshiek	Des Moines
Cedar	Clayton	Jefferson
Johnson	Chickasaw	Davis
Keokuk	Buchanan	Lee

Following territory in South Georgia

Quitman	Mitchell	Benhill
Randolph	Terrell	Irwin
Clay	Lee	Barrian
Calhoun	Worth	Cook
Early	Colquitt	Loundes
Baker	Thomas	Echols
Miller	Brooks	Lanier
Seminole	Camden	Atkinson
Decatur	Tift	Coffee
Grady	Doughtery	Bacon
Clinch	Ware	Pierce
Charlton	Brantley	
Glynn	Turner	

Balance of territory in Georgia North of the line above the counties listed were originally the property of the Memphis Plant but were ceded to Sealy, Inc., and earmarked for a new Sealy Atlanta Plant.

Entire states of North Carolina and South Carolina

Were originally the property of the Memphis Plant but were ceded to Sealy, Inc., and earmarked for one or two new Sealy plants.

The following territory in the State of Indiana has been temporarily granted to Memphis for an Indianapolis Warehouse operation pending time when Sealy is able to secure an Indiana Plant.

## [fol. 438E]

Allen  
Whitley  
Adams  
Wells  
Huntington  
Wabash  
Jay  
Delaware  
Tipton  
Boone  
Tippicanoe  
Fountain  
Vermillion  
Putnam  
Miami  
Cass  
Carroll  
Grant

Howard  
Blackford  
Randolph  
Madison  
Hamilton  
Clinton  
Montgomery  
Warren  
Park  
Hendricks  
Marion  
Hancock  
Henry  
Wayne  
Union  
Fayette  
Rush  
Shelby

Decatur  
Franklin  
Ripley  
Dearborn  
Ohio  
Switzerland  
Bartholomew  
Johnson  
Brown  
Morgan  
Monroe  
Green  
Sullivan  
Vigo  
Clay  
Owen

## [fol. 439E] Following counties in S. Georgia

Quitman  
Randolph  
Clay  
Calhoun  
Early  
Baker  
Miller  
Seminole  
Decatur  
Grady  
Clinch  
Charlton  
Glynn

Mitchell  
Terrell  
Lee  
Worth  
Colquitt  
Thomas  
Brooks  
Camden  
Tift  
Daugherty  
Ware  
Brantley  
Turner

Benhill  
Irwin  
Barrión  
Cooke  
Lounder  
Echols  
Lanier  
Atkinson  
Coffee  
Bacon  
Pierce

Balances of territory in Georgia, north of the line above the counties listed, were originally the property of the Memphis Plant but were ceded to Sealy, Inc. and earmarked for a new Sealy Plant at Atlanta.

**Entire States of North and South Carolina**

Were originally the property of the Memphis Plant but were ceded to Sealy, Inc., and earmarked for one or two new Sealy Plants.

The following territory in the State of Indiana has been temporarily granted to Memphis for an Indianapolis Warehouse operation pending time when Sealy is able to secure an Indiana Plant.

[fol. 440E] · IN UNITED STATES DISTRICT COURT

## GOVERNMENT'S EXHIBIT No. 106

Territory—Pittsburgh, Pennsylvania (Fort Pitt Bedding Company)

The entire State of West Virginia

The entire State of Maryland

Washington, D.C.

The following counties in the State of Virginia

Shenandoah	Balance of the territory in Virginia south of the counties listed were originally the property of the Pittsburgh Plant but were ceded to Sealy, Inc. and earmarked for a new Sealy—Richmond plant.
Frederick	
Warren	
Fauquier	
Loudoun	
Arlington	
Prince William	
Stafford	

The following counties in the State of Pennsylvania

Greene	Indiana	Snyder
Washington	Allegheny	Union
Fayette	Beaver	Sullivan
West Moreland	Lawrence	Lycoming
Sommerset	Butler	Clinton
Bedford	Armstrong	Cameron
Fulton	Mercer	Elk
Huntington	Venango	Forest
Mifflin	Clarion	Warren
Juniata	Jefferson	Crawford
Blair	Clearfield	Erie
Cambria	Center	

[fol. 441E] The following counties in the State of Ohio

Mahoning	Jefferson	Athens
Columbiana	Belmont	Meggs
Carroll	Monroe	Gallia
Harrison	Washington	Lawrence

(The balance of Southern Ohio south of the Cleveland territory including Zanesville, Columbus, Portsmouth, Springfield, Dayton, Cincinnati, etc. was originally the property



of Pittsburgh Plant but is earmarked for a new Cincinnati Sealy territory.)

[fol. 442E]

Pittsburgh Sealy Territory  
(By counties)

Pennsylvania

Sullivan  
Lycoming  
Clinton  
Union  
Snyder  
Center  
Mifflin  
Juniata  
Cameron  
Clearfield  
Cambria  
Huntington

Fulton  
Bedford  
Blair  
Elk  
Bradford  
Jefferson  
Indiana  
Somerset  
Fayette  
Westmoreland  
Armstrong  
Clarion

Forest  
Warren  
Erie  
Venango  
Mercer  
Lawrence  
Butler  
Beaver  
Allegheny  
Washington  
Greene

Ohio

Mahoning  
Columbiana  
Carroll  
Jefferson  
Harrison

Bellaire  
Guernsey  
Monroe  
Noble  
Muskingum

Morgan  
Washington  
Meigs  
Gallia  
Lawrence

West Virginia

Hancock  
Brooke  
Ohio  
Marshall  
Wetzel  
Tyler  
Pleasants  
Wood  
Jackson  
Mason  
Cabell  
Putnam  
Roane

Calhoun  
Wirt  
Ritchie  
Kanawha  
Clay  
Braxton  
Gilmer  
Lewis  
Upshur  
Webster  
Randolph  
Pendleton  
Hardy

Hampshire  
Mineral  
Grant  
Preston  
Tucker  
Monongalia  
Marion  
Harrison  
Doddridge  
Taylor  
Barbour

Garrett

Maryland  
Allegany

[fol. 443E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 110

SEALY INCORPORATED

"Bringing Better Sleep To Millions of Homes"

N. S. Pittsburgh, Pa.

Telephone Cedar 3365-6-7-8

10-7-42

Mr. J. R. Haas, President,  
Sealy Incorporated,  
666 Lake Shore Drive,  
Chicago.

I have made a very careful survey and sales analysis of all territory now open in United States and Canada. Based upon population, buying power, trading areas and freight rates, I have divided this open territory into areas each of which is suitable for the operation of an additional Sealy plant.

The open territory divides itself roughly into four sections: The middle western states; North Atlantic Seaboard; the south Atlantic Seaboard and the Dominion of Canada. The following review outlines an expansion program for Sealy through these areas based on the writer's opinion of the most logical calendar of immediate and future Sealy development work.

A. The Middle Western States:

1. Immediately available for Sealy franchise is the St. Paul-Minneapolis area embracing Minnesota, N. Dakota, the bulk of S. Dakota and a strip of counties in northwest section of Wisconsin with a population of four million. The best possible representative for the area from point of view of Sealy Incorporated is the United States Bedding Co., of St. Paul or a division thereof. This company operates three different factories. The territory will yield a minimum of \$300.00 per month to Sealy with a possibility of \$600. a month, based upon sales of labels or a percentage of Sealy volume. Possibly another \$100. a month could be realized by a license to the upholstering division of this company on Sealy's 1% plan.

2. Western Michigan embracing all of the lower peninsula except the City of Detroit and with a radius of 75 miles around Detroit, constitutes a Sealy territory of approximately 2 million people. Our plant should be situated in Grand Rapids and the best possible representative for Sealy at that point is the American Auto Felt Co. This territory should yield a minimum of \$250.00 a month and predicated upon successful development the territory could ultimately yield a maximum of \$500.00 a month. This company manufactures quilts for mattress tops which item has proved satisfactory and could be incorporated in the regular Sealy line of innerspring mattresses, when the spring filled mattress returns to the industry.

[fol. 444E] 3. Detroit: This area embraces the City of Detroit and surrounding area of 75 miles with a population of approximately 3 million. The territory should yield a minimum of \$300.00 a month and after intensive sales development, as much as \$600.00 a month to Sealy. The best representative for this area would be a new corporation in which Messrs. Bowersox and Brody should be interested. Such a concern might be out of the realm of possibility for the duration of the war. The next best representative in this area would be Mr. Harry Kraft, Progress Bedding Co., who states he is not interested until his son returns from the Army. No other suitable Detroit manufacturer exists.

4. Indianapolis: The state of Indiana with exception of the northwestern tier of counties adjacent to Chicago constitutes with a population of three million, constitutes an ideal distribution area to round out the trading area, so Indiana now under contract to U. S. Bedding should be released to Indiana. Similarly a tier of counties in northern Indiana should be released by Chicago. The yield to Sealy from this plant should be a minimum of \$250.00 per month and based on proper sales development, as much as \$500.00 per month. I cannot recommend any existing Indianapolis manufacturer for the franchise with the exception of Hirschman, who is now a member of the Serta Group.

5. St. Louis: The St. Louis area embraces the City of St. Louis, eastern Missouri and southern Illinois with a population of approximately three million. Best representative for Sealy in this area would be a subsidiary plant of the U. S. Bedding Co., Memphis. This area should yield

a minimum to Sealy of \$250.00 a month and with proper sales development as much as \$500.00 per month.

6. Dayton-Cincinnati Area: This area in southern and western Ohio embraces approximately two million population. Harry Sudowitz of Dayton Mattress Co., is properly situated and sufficiently financed to recommend him as the proper Sealy representative for the area. The minimum revenue to Sealy should be \$250.00 per month and with intensive sales development by Sudowitz as much as \$500.00 per month should come to Sealy through a percentage on the sales. His current volume is small but the territory is rich and his financial resources for Sealy development of the area unlimited. He owns the Toledo Mattress Co., and if he could obtain this northwestern Ohio territory from Cleveland, Sealy could collect another \$250.00 minimum from Toledo Mattress Co., and as much as \$400.00 per month based upon sales development.

The above constitutes a complete plan for Sealy coverage for the middle west to supplement our present results out of Kansas City, Des Moines, Milwaukee, Chicago and Cleveland.

#### B. Eastern Seaboard States:

1. North Atlantic Seaboard: Syracuse and Up-state New York. Population approximately three million. Minimum \$250.00 per month. Probable maximum \$500.00 per month through a percentage on sales. Pennfield Manufacturing Company, Syracuse is the only concern in the area open to Sealy and suitable for the franchise. They are keenly interested in a franchise at a future date but not before 1943 when the labor situation is more definite.

\* 2. Western New England States. The territory embraces Connecticut, western Massachusetts and all of Vermont. Population approximately two million. Minimum \$250.00, probable maximum \$400.00. Anyone of three manufacturers is suitable for Sealy franchise. Waterbury Mattress Co., Capitol Bedding Co., of Hartford or Standard Mattress Co., of Springfield. Walzer of Waterbury are known to Sealy. Capitol of Hartford is as yet unknown to Sealy. Levinson of Standard Mattress Co. is known to Marquardt. All three [fol. 445E] have reasonable finances suitable plants and are well situated geographically to serve the area.



3. Philadelphia: Embraces Philadelphia County and a radius of 25 miles in surrounding eastern Pennsylvania counties plus southern New Jersey and the state of Delaware. The city of Wilmington Del. was granted to Sealy at Baltimore but should be yielded by Mr. Gordon because of its proximity to Phila. and trade practices. Population approximately three million. Minimum \$250.00 per month. Probable maximum based on sales results \$500.00 per month. Several excellent manufacturers of reputation are there any one of whom would be suitable in following order: Honor-Bilt—McMahon—King—Dougherty. These firms are well known to Mr. Engelhardt of Sealy at Reading, who could be helpful toward this franchise.

#### C. South Atlantic Seaboafd States.

1. Atlanta: Zimmerman Mfg. Co. would be logical Sealy Licensee. Territory embraces bulk of Georgia with a strip of western So. Carolina. Population approximately two million. Minimum \$250.00 per month. Maximum \$400.00 based on sales. Mr. Lawrence Zimmerman is immediately interested and should be a member of Sealy before November 1st. I know of no other suitable prospect for Sealy in Georgia area.

2. Johnson City, Tenn. Territory includes Northeastern Tenn. Western No. Carolina southwestern section of Virginia and southern West Virginia (south of Charleston) and southeastern Kentucky. Population approximately 1½ million. Minimum \$150.00 per month. Probable maximum \$250.00 month based on sales. Mr. J. R. Haas can close this Sealy contract any time he so desires. The owner of the Johnson City Mattress Co., and his wife operate the business and have represented U. S. Bedding Co., Memphis as jobbers of springs, studio couches and sofa beds.

3. Charlotte, No. Carolina: Territory embraces the bulk of North and South Carolina. Population approximately four million. Minimum \$250.00. Probable maximum based on sales \$500.00. The logical representative is Carolina Bedding Co., Charlotte N. C. Geographically situated in the heart of the Carolinas. The plant is modern, the finances are reasonable. The owner of this concern, Mr. Allen is highly experienced and a life long friend of Wallace Bowersox and he can close this deal for Sealy in my opinion.



4. Virginia: Territory embraced the state of Virginia with exception of the northern counties adjacent to Maryland and the southwest corner of Virginia west of Lynchburg. Population two million. Minimum \$200.00. Probable maximum based on sales \$400.00. The most likely concerns are the Dixie Mattress Co. of Richmond and Paramount Bedding Co. of Norfolk. Dixie of Richmond is probably the best prospect based on their reputation and resources and experience. They enjoy the best business in the area today. The owners are the Sutherland Bros. Years ago they were members of Sealy and as such equipped and experienced in the production of Sealy tuftless mattresses. They could be closed, in writers opinion, by November 1st.

#### D. Dominion of Canada.

[fol. 446E] In addition to the four areas which should be promptly developed and steadily developed for the next 12 months until each open territory is closed, intensive merchandising by Sealy should follow franchise promotion at each point. Without merchandising the minimums will prove hardships to the new members. With merchandising assistance from Sealy the estimated maximums will develop for Sealy. In other words a dollar invested by Sealy in merchandising will yield \$5.00 in revenue, based upon the past experience of the writer.

In handling the future of Sealy some consideration should be given to the Southwest where Sealy plants should function at Oklahoma City, El Paso and Phoenix, in addition to our present operations out of Dallas and Houston.

There should be a Sealy licensee in Mexico City and Mr. Edwards of Houston can and would, upon request, establish same. A reduced minimum because of Spanish language is essential.

From all of the foregoing, 35 to 40 Sealy plants should result. Revenue to Sealy should build to \$250,000.00 per year, assuming reasonable revenue from present members.

Respectfully submitted, John M. Brody, Jr.

[fol. 447E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 113

SEALY INCORPORATED

"Bringing Better Sleep To Millions of Homes"

Memphis 2, Tennessee

August 24, 1943

Mr. W. J. Craig  
Sealy, Inc.  
666 Lake Shore Drive  
Chicago, Illinois

Dear Mr. Craig:

We are herewith enclosing the Sealy Inc., territorial breakdown as of August 20th. Mr. Haas said that for you to please check this immediately to see if it was correct and if so to please register it as of August 20th in your books. If by chance it is not correct to please advise him accordingly as soon as possible.

Thanking you, remain,

Sincerely, F. Irwin, Sealy, Inc.

F1

Chicago: Ill. to Memphis; Ind. from Cinn.  
Denver: No. S. Dakota.

[fol. 448E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 123

August 20, 1943

## Memphis Territory

Alabama

Entire State

Florida

Entire State

Mississippi

Entire State

Louisiana

Entire State

Arkansas

Entire State

Tennessee

Entire State less following counties to Bluefield's Territory:

Sullivan

Carter

Johnson

Unicoi

Washington (South to Johnson City)

Georgia

Whitfield

Floyd

Walker

Dode

Troup

Chattooga

Catoosa

Muscogee

Indiana

Vanderburg

Floyd

Clark

## Kentucky

Entire state less following counties to Cincinnati Territory:

Rowan  
Johnson  
Kenton  
Gallatin  
Pendleton  
Menifee  
Mason  
Lewis  
Boyd  
Wolfe

Morgan  
Owen  
Nicholas  
Magnoffin  
Lawrence  
Boone  
Campbell  
Grant  
Brackin  
Robertson

Fleming  
Greenup  
Carter  
Elliott  
Carroll  
Harrison  
Bath  
Whitley

[fol. 449E]

(Revised October 5, 1943).

## Kentucky

Martin  
Letcher  
Breathitt  
Leslie  
Whitley

Floyd  
Knott  
Perry  
Clay  
Pike

Knox  
Harlan  
Bell

## Missouri

Clarke  
Adair  
Marion  
Randolph  
Pike  
Andrian  
Cole  
Franklin  
St. Louis  
Peniscot  
Merries  
Texas  
Shannon  
Washington  
Carter  
Wayne  
St. Genevieve  
Cape Girardeau  
Stoddard

Scotland  
Knox  
Shelby  
Monroe  
Lincoln  
Calloway  
Osage  
Warren  
St. Louis City  
Jefferson  
Pulaski  
Howell  
Dent  
Iron  
Ripley  
Madison  
Perry  
Scott  
Dunklin

Schuyler  
Lewis  
Macon  
Ralls  
Montgomery  
Beane  
Gasconade  
St. Charles  
New Madrid  
Miller  
Phelps  
Oregon  
Crawford  
Reynolds  
Butler  
St. Francois  
Bellingier  
Mississippi

## Illinois

Clarke  
Wabash  
Richland  
Gallatine  
Saline  
Clay  
Madison  
Shelby  
Jefferson  
Johnson  
Alexander  
Perry  
Washington  
Sangamon  
Scott  
Jersey  
Adams  
Coles  
Cass  
Brown

Crawford  
Cumberland  
Edwards  
Hardin  
Hamilton  
St. Clair  
Christian  
Fayette  
Franklin  
Mossac  
Union  
Randolph  
Bend Mo  
Masoupin  
Pike  
Calhoun  
Schuyler  
Logan  
Hancock  
Lawrence

Jasper  
White  
Pope  
Wayne  
Clinton  
Effingham  
Marion  
Williamson  
Pulaski  
Jackson  
Monroe  
Montgomery  
Morgan  
Greene  
Menard  
Mason  
Moultrie  
Edgar



[fol. 450E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 133

August 20, 1943.

Territory Kansas City

Sealy Mattress Co., 501 Santa Fe Kansas City, Mo.

The entire State of Kansas

The following counties in the State of Missouri:

Atchison	Cedar	Howard
Worth	Dallas	Pettis
Mercer	Wright	Case
Sullivan	Greene	Henry
Davies	Jasper	Morgan
DeKalb	McDonald	Camden
Andrew	Stone	St. Clair
Clinton	Ozark	Barton
Livingston	Douglas	Polk
Charlton	Harrison	LaCledé
Ray	Putnam	Webster
Jackson	Grundy	Lawrence
Saline	Gentry	Newton
Cooper	Holt	Barry
Johnson	Platte	Christian
Bates	Caldwell	Taney
Benton	Linn	Nodaway
Moniteau	Carroll	Dade
Hickory	Clay	
Vernon	Lafayette	

The following counties in the State of Iowa:

Montgomery	Appanoloze	Wayne
Taylor	Page	

[fol. 451E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 143

SEALY INCORPORATED

"Bringing Better Sleep To Millions of Homes"

Memphis 2, Tennessee

October 4, 1943.

Mr. W. J. Craig  
666 Lake Shore Drive  
Chicago, Illinois

Dear Mr. Craig:

Please refer to your letter of August 27th relative to the Sealy territories.

In checking over some of these today I found where I had made an error in the Memphis territory. I did not add the counties Mr. Kaplan released to us as per his letter to Mr. Haas of July 15th. The counties he mentioned in his letter were as follows:

Adams  
Hancock  
Mason  
Brown

Cass  
Menard  
Logan  
Moultrie

Coles  
Clark  
Schuyler  
Edgar

Would appreciate your checking this against your records also and see if by chance there are some other counties I have missed. When I look at the map and check on it, looks as though there should be others in our territory, but have failed to find and correspondence pertaining to them.

Thanking you and appreciating your cooperation, I remain,

Sincerely, Francis Irwin, Sealy, Inc.

FI'

[fol. 452E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 147

October 11, 1943.

Dear Miss Irwin:

In checking up further on our list of Sealy territories I find that we have evidently omitted the counties in West Virginia that are allotted to Bluefield.

According to my records, and I want to say that they are definitely unofficial, the following counties should be in Bluefield territory:

West Virginia:

Pocohontas  
Nicholas  
Greenbrier  
Fayette  
Monroe

Summers  
Raleigh  
Mercer  
McDowell  
Wyoming

Boone  
Logan  
Mingo  
Wayne  
Lincoln

I will be glad to have you check the above with the contract and advise me if this agrees.

Your truly, Sealy Incorporated, W. J. Craig.

[fol. 453E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 148

SEALY INCORPORATED

"Bringing Better Sleep To Millions of Homes"

1047 Florida St.  
Memphis 2, Tenn.  
May 8, 1944

Mr. John M. Brody, Jr.  
% Sealy, Inc.  
Columbia, S. C.

Dear Mr. Brody:

I have previously requested that you break down and give to me the Buffalo area. Up to the present time I haven't had it. Kindly upon receipt of this letter sit down and list the counties that go to Buffalo territory. Kindly do this immediately and without delay as I want to settle the matter one way or the other with Pittsburgh. I want to write them exactly what I am willing to do.

Kind regards, Sealy, Inc.

JEH:op

[fol. 454E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 149

SEALY COMPANY OF THE SOUTHEAST

Inter-Factory Correspondence

Date: May 16, 1944.

By: —, —

To: Mr. John Brody  
From: J. R. Haas  
Subject: —

Mr. John Brody, Jr.  
% Sealy, Inc.  
666 Lake Shore Drive  
Chicago 11, Illinois

Dear Mr. Brody:

I am still waiting for the break-down of the Buffalo territory.

In view of the fact that I want this information on file in Memphis, I would like a breakdown of all unsold territory. Let's line out the territories as to what they consist of, get them in shape, and while you are in Chicago, this is the time to do it. Please let me have this promptly because I want to handle the matter with Bob Culp so far as Buffalo is concerned. I have asked for this information at our last meeting; I asked for it at the previous meeting, and I insist that I get this information without any further delay.

Sincerely, Sealy, Inc., J. R. H.

JRH:op



[fol. 455E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 150

May 17, 1944.

Dear Mr. Haas:

Subject—Buffalo, New York Sealy territory

You wrote me while on my last trip for an outline by counties of the Buffalo Sealy territory. I wanted to re-check the old contracts and maps at headquarters so as to forward this information accurately, to you for your purposes. The territory follows along with the population statistics. The population data is ten years old and there has been, naturally, considerable increase in population in every county of western New York, but at least this data shows you the territory assigned by Sealy originally to the Otis Buffalo Company of Buffalo, New York when they were under contract to Sealy. At that time eastern New York was under contract to Hasselbarth of Albany and both of those manufacturers agreed on the boundary line of their territories in central New York. Incidentally, Spring-Aire divided up-state New York on the same basis for their licensees.

Counties	Population By Thousands
Chautauqua	126
Cattaraugus	72
Erie	782
Niagara	149
Orleans	29
Monroe	424
Genesee	44
Wyoming	29
Livingston	38
Allegany	38
Stauben	83
Chemung	75
Schuyler	13
Seneca	25

Counties	Population By Thousands
Yates .....	17
Ontario .....	54
Wayne .....	50

The following counties in Pennsylvania

McKean .....	55
Potter .....	17
Tioga .....	32
Bradford .....	49
<b>Total</b> .....	<b>2181</b>

[fol. 456E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 152

SEALY INCORPORATED

"Bringing Better Sleep To Millions of Homes"

Memphis 2, Tennessee

February 26, 1945.

Mr. John M. Brody, Jr.  
 Lexington Hotel  
 New York, N. Y.

Dear Mr. Brody:

In checking over the Contract for Sealy of Allston, I note that according to our records there has been an addition to their territory since their contract was written. Below I am listing the territory as we have it and would appreciate your checking over it and see if it isn't correct.

## Maine

Entire State

## New Hampshire

The following counties

Rockingham  
 Strafford

Hillsboro  
 Belknap

Carroll  
 Merrimack

## Massachusetts

The following counties and cities of Mass.

Essex County

Suffolk County

The following cities in Middlesex County.

Melrose  
 Newton  
 Everett  
 Somerville  
 Woburn  
 Reading  
 Medford

Burlington  
 Watertown  
 Belmont  
 Arlington  
 Winchester  
 Wakefield  
 Waltham

Malden  
 Lexington  
 Stoneham  
 Cambridge  
 Waverly

In Plymouth County—the cities of Hingham & Hingham Center Only. The following cities in Norfolk County:

Wellesley

Vaintree

E. N. & Son

Mattapan

Weymouth

Quincy

Milton & E. Milton

- Needham

Plus unlisted intermediate towns, villages and rural areas within a fifteen (15) mile radius of Boston proper.

Then in 1944 there was an addition made for Norfolk County in its Entirety. Also City of Quincy.

Also, will you please advise if \$350.00 isn't correct for the Royalty minimum.

Would appreciate your advising us by return mail the above so that we may complete their contract.

Sincerely, Frances Irwin

[fol. 457E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 153

1047 Florida St.  
Memphis 2, Tenn.  
March 1, 1945

Mr. John M. Brody, Jr.  
c/o Lexington Hotel  
New York, New York

Dear Mr. Brody:

I have your telegram in reference to Allston. Your telegram puts an entirely different face on the whole contract.

Allston originally had the entire state of Maine. However, so far as New Hampshire was concerned, they only had six counties and only had certain cities in Middlesex County in Massachusetts.

According to the new handling, you propose to give them four entire counties in Massachusetts, which is okeh, but you now have the entire state of New Hampshire included whereas we only had six counties in New Hampshire. You now propose to include the entire state of Vermont. That may be entirely correct but I am wondering if we shouldn't have an increase in minimum out and beyond what we agreed to with Mr. Weiner or should we stand at the \$350 and include the state of Vermont.

You remember you were holding Vermont for Albany or some point along there to make a contract in that area but you seem to have given up hopes of any results in this particular state.

We work states and have given them up. While no one likes to give them up, yet that sometimes happens.

I am wondering if we should give Vermont on the basis that you indicate, that is, on a three year contract, if we should do it without any additional compensation.

Please let me hear from you fully before I send on the contract to Mr. Weiner.

For your information, I have checked the Milwaukee area,



who comes in for a new contract and I checked it for the old territory. It actually figures according to the same basis that the other old members are paying, a matter of \$550 so I have set the minimum at \$500. Chicago figured around \$890 and I have set the minimum at \$800. I think both of these concerns are now old enough to bear their fair share of minimum allocations, particularly in view of the fact [fol. 458E] that these minimums are averaged by the year and on the fall.

Kind regards, Sealy, Inc. J. R. Haas

JRH:mbs

[fol. 459E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 155

July 13, 1945

Mr. R. G. Culp  
Sealy Mattress Company  
1800 Liverpool St.,  
Pittsburgh, Penna.

Dear Bob:

Pursuant with request of yourself and W. W. Llewellyn, the writer has prepared for the signature of yourself, standard Sealy contracts in triplicate covering the now open Philadelphia territory.

With reference to the territory, you will note from the contract that said territory is absolutely identical with the territory originally assigned by Sealy to the Philadelphia plant of Sealy when same was operated by the Ingraham Manufacturing Co., under the management of Mr. Llewellyn. The only change from that date to this date is that represented by 2 counties in New Jersey, namely Mercer and Ocean counties which were originally assigned to the Philadelphia plant and were subsequently assigned to Sealy Plant in Passaic, New Jersey, who now function Sealy in these two counties. With reference to the dividing line through the heart of Bucks, Montgomery and Chester counties in Pennsylvania, please be advised that said dividing line was drawn by Sealy Inc., after mutual agreement between Mr. Llewellyn of Sealy at Philadelphia and Mr. Gring of Sealy at Reading. The bulk of these 3 counties so far as population is concerned is closer to Philadelphia while the balance of same were closer to Reading and better served by Reading. This for your information and you may feel sure that Mr. Llewellyn fully understands the details of these boundary lines.

You will note that the minimum for the first twelve months following effective date of contract aggregates \$3,000.00 as the agreed upon minimum purchase of Sealy labels. You will further note that the second and subsequent years covered by agreement involved royalty to Sealy of \$400.00 per month or 3% of sales whichever proves

to be the greater sum of money earned by Sealy on our standard royalty basis.

You will note that the effective date as per agreement shall be December 1st, 1945 but it is understood that in the event you are able and desirous of starting your business in the Philadelphia territory prior to that date, you may do so upon permission by letter from Mr. J. R. Haas. By the same token should conditions make it impossible for you to go forward December 1st of this year as agreed, then by [fol. 460E] special letter from Mr. Haas the effective date could be deferred on the basis of subsequent negotiations between yourself and Mr. Haas. All of this is exactly in line with your wishes and plans for handling of the proposition when feasible.

I am asked to call to your particular attention the fact that as you well know, we are establishing a plant in Gary, Indiana, Posture Products Inc., for the production of inner-springs for the various Sealy Plants. The only way we can acquire the necessary monies for this plant, machinery and its operation is through the medium of each new licensee of Sealy subscribing to \$3,000.00 of preferred stock in Posture Products and if desired, 30 shares of common stock. The preferred stock is for sale at \$100.00 per share, and the common stock at \$1.00 per share. It is also understood and agreed that each licensee is to subscribe if necessary for an additional unit of \$3,000.00 preferred stock when necessary and upon demand from Posture Products. As you know these monies now being subscribed for Posture Products Inc., are to be used by Posture Products for increased production facilities of that company as necessary for the production and sale of merchandise by them to the various plants of Sealy Inc. We will ask that you confirm in writing your willingness to subscribe to these monies needed by Posture Products for all of the reasons which you are familiar.

The writer wishes to state at this point that he is more than pleased that Sealy in Pittsburgh decided to obtain the license from Sealy Inc., for the Philadelphia territory and that, when you are ready to go forward with the sale of merchandise from this new plant you propose to locate in Philadelphia, I shall do all in my power to assist you fully towards your goal in making this enterprise highly

successful and profitable in its operations. I have every reason to be confident that you will be successful beyond your hopes as a result of this new enterprize. After all, it is simply a logical expansion of your Sealy operation in Pittsburgh territory.

Please convey my kindest regards to Mr. Llewellyn, to my other friends in Pittsburgh and in particular, to Mrs. Culp and yourself.

Awaiting your response to this letter along with the signed contracts in order to bring these negotiations to a close, I remain

Sincerely, Sealy, Incorporated, John M. Brody Jr.

JMB:hs

P.S. I will be in the Chicago office next week. Please be sure to affix your Corporate seal to your signature.



[fol. 461E] IN UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 156

"Sleeping on a Sealy is like Sleeping on a Cloud"

SEALY MATTRESS COMPANY

BLUEFIELD, VIRGINIA

RAILROAD AVENUE

POST OFFICE BOX 432

July 17, 1945  
2036-A

Mr. John Brody  
c/o Sealy, Inc.  
666 Lake Shore Drive  
919-920 American Furniture Mart  
Chicago, 11, Ill.

Dear John:

I have delayed writing you about the North Carolina territory because of a brain storm which I had but did not mature.

We learned that a mattress plant in Charlotte, North Carolina, was for sale. So Tom and I flew down there Saturday to look the plant over. It sure was a disappointment as it was nothing but a junk pile and the party wanted \$12,000.00 for it. Our idea was that if we could buy a plant down there it would be quite possible that we could work a proposition out with you on the state of North Carolina. This though has now blown over so have no other prospects of a plant so guess we will have forget about the matter.

I am very sorry I did not get to see you before I left Chicago. I discussed the territory proposition with Sid Sutherland but frankly must admit I did not accomplish much. He did though promise to check the counties offered and would let me hear from him about it. He also stated he would get in touch with you about it, so suppose he will do this without delay.

John we are still counting on you for the territory in North Carolina as discussed in Chicago. As stated before if you will work this out for us, including Ashville, North



Carolina, we will definitely do a job for Sealy out of a warehouse in Roanoke and Bristol. Up until this time we have had no sales representative on the road but if this deal with you for the extra counties goes through we will definitely start organizing a sales force. We would like very much to have this sales force trained and ready to go by the time materials loosen up, so feel we should get started on these plans as soon as possible.

Therefore, it is very important that we get something settled on this territory soon so we can get to work. Please [fol. 462E] keep in mind we have the smallest territory of any plant in Sealy and I am sure we can do you a real job if you will give us additional territory in which to work. We are counting on you on this matter and am sure you will keep our interest at heart.

Please let us hear from you about this at your earliest convenience.

With kindest personal regards, I am

Very truly yours, Sealy Mattress Company, J. L.  
Metcalf—Manager.

JLM: MEN

[fol. 463E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 157

"Sleeping on a Sealy is like Sleeping on a Cloud"

SEALY MATTRESS COMPANY  
BLUEFIELD, VIRGINIA  
RAILROAD AVENUE  
TELEPHONE 4621  
POST OFFICE BOX 432

File #3071-A  
August 6, 1945

Mr. John Brody  
c/o Sealy Incorporated  
666 Lakeshore Drive  
919-920 American Furniture Mart  
Chicago 11, Ill.

Dear John:

Within the last few weeks we have contacted several people in regard to a job as salesman for us. We have one or two very nice prospects lined up and must decide between them very soon.

The number of salesmen and the kind of salesmen we get depends a lot on the territory that they will have to work. Therefore, the additional North Carolina territory discussed with you is very important to both us and these prospective salesmen. If possible, please advise the writer by return mail what has been done about our requested North Carolina territory. Any information you can give me about this matter by return mail will certainly be appreciated.

Yours very truly, Sealy Mattress Company, J. L.  
Metcalf—Manager.

JLM:DLC

[fol. 464E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 158

August 13, 1945

Mr. J. L. Metcalfe  
Sealy Mattress Co.  
Railroad Ave.  
Blufffield, Va.

Dear Jack:

On July 17th, you wrote to me with reference to your thought regarding a possible plant at Charlotte, N.C., then for sale, and you advised me that the proposition did not meet with your approval and you abandoned the idea in its entirety after Tom and yourself flew by plane to Charlotte to check the plant.

Further in your letter of that date you again outlined good reasons covering your interest in certain parts of western North Carolina as additional Sealy territory for yourself to operate in the future. You made entirely clear to me when you were in Chicago and again by your letter of the 17th, the fact that it would be appreciated by you if Sealy could work toward this end as quickly as possible in line with your Post War plans for warehouses, radio programs and new salesmen out of Roanoke, Virginia and Bristol, Tenn.

In the interim I have been on vacation and now comes your letter of August 6th asking for information if possible by return mail, in view of the fact you have a couple of nice prospective salesmen lined up with whom you can not close on a definite basis until you know what your ultimate territory will be.

Jack, I can unfortunately repeat what I told you at Chicago and that is that I am not authorized to extend your territory beyond the limitation of the contract without authorization from our President and Board of Directors. There is no other way to handle territory problems as I feel sure you must appreciate it. On the other hand, I told you that I felt it might be in the very best interest of Sealy as

well as of your company if western North Carolina could be made available to you without making impossible the handling of the pending Charlotte Sealy franchise. I also told you that I would personally work toward this end if humanly possible. I have arranged to go East and then South on Sealy work and expect to cover Richmond, Charlotte, Atlanta, and Bluefield between September 17th and 30th, or within 30 days approximately from now. I shall be in your area and then I will very probably be in position to give you a definite and I hope, satisfactory answer. Please be patient and cooperate along with the writer in the interest of Sealy until then. Will advise date of arrival.

Regards, sincerely,

John M. Brody Jr.

JMB:hs

[fol. 465E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 159

December 5, 1945

Mr. J. L. Metcalfe,  
Sealy Mattress Company  
Railroad Avenue  
Bluefield, Virginia

Dear Jack:

At your request and upon instructions from Mr. J. R. Haas, we have made a very accurate recapitulation of the over-all territory as proposed for the Bluefield, Virginia Sealy contract. We have covered the situation as it is today and as proposed for the renewal date effective April 1st, 1946.

So far as your present territory is concerned our figures show your Sealy territory in Virginia, West Virginia, Kentucky and Tennessee to include a population of just a little less than 2 million people. This present exact territory would of course all be included in the renewal agreement.

In addition to the previously outlined territory you were granted some time past by special agreement, the right to serve ten counties in the extreme northwestern corner of North Carolina, namely—Stokes, Surrey, Alleghany, Ashe, Yadkin, Wilkes, Alexander, Caldwell, Avery and Watauga. These counties in North Carolina have a population of approximately 225,000, and in your new contract, they will of course, be included as a part of your Sealy territory for the duration of your contract with Sealy.

Now, in addition, you have requested other territory in western North Carolina and with the exception of 2 counties requested by you, namely Catawba and Iredell, it is possible for Sealy to include in your contract the balance of the western North Carolina counties requested, namely Rockingham, Burke, MC Dowell, Mitchell, Madison, Buncombe, Haywood, Jackson Swain, Graham Macon, Clay, Cherokee, Transylvania, Henderson, Polk, Rutherford and Yancey. These additional western North Carolina counties have a population of approximately 475,000 persons.



Therefore, in western North Carolina your territory would embrace approximately 700,000 persons, which to [fol. 466E] gether with your 2 million population in the Virginias, Kentucky and Tennessee would give you an overall Sealy territory of approximately 2-¾ millions of people to serve. This, in our opinion represents a splendid Sealy territory for your Company.

I, of course, remember quite well that you definitely wanted, in addition to the foregoing, Iredell and Catawba counties, but it is impossible to yield these two counties which adjoin and communicate with Mecklenburg county, North Carolina, of which Charlotte is the county seat. This I discussed with you in Chicago last summer and in absolute fairness to Sealy, our proposed Charlotte concern and to yourself, these counties prove impossible.

Let me assure you that real study was given to this subject by Sealy and we have done all within our power to cooperate with you while at the same time we have safeguarded the best interests of Sealy, Inc.

If the foregoing is exactly in accord with your understanding of our agreement, then please acknowledge this letter promptly, and upon receipt of your further advices, we will ask Mr. J. R. Haas to incorporate the additional territory by special letter covering your rights between now and April 1st, and then at April 1st, the renewal contract will embrace this temporary arrangements.

Kindest personal regards,

Sincerely yours, Sealy, Incorporated, John M.  
Brody Jr.

JMB:hs

cc. Mr. J. R. Haas

## Counties in No. Car.

Rockingham	51M	Stokes	20M
Burke	29	Surrey	40
McDowell	20	Alleghaney	7
Mitchell	14	Ashe	21
Madison	20	Yadkin	18
Buncombe	98	Wilkes	36
Haywood	28	Alexander	12
Jackson	18	Caldwell	28
Swain	12	Avery	12
Graham	6	Watauga	15
Clay	5	Mason	14
Transylvania	10	Cherokee	16
Polk	10	Henderson	23
Yancey	14	Rutherford	40

[fol. 467E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 160

January 30, 1948

Sealy Mattress Company  
8 South Harvie Street  
Richmond 20, Virginia

Attn: Mr. Sidney Sutherland

Dear Sidney:

This will confirm the action of the Executive Committee in assigning to you certain counties in North Carolina to be serviced with Sealy products from your plant on a temporary basis.

These counties are as follows: Persons, Granville, Orange, Durham, Franklin, Wake, Chatham, Lee, Johnston, Wilson, Wayne, Greene, Barnett, Cumberland, Sampson, Duplin, Lenoir, Craven, Jones, Bladen, Pendar, Onslow, Carteret, Columbus, Brunswick, and New Hanover. This gives you quite a bit of additional territory to cover, and it may be necessary that you establish a warehouse at Durham to properly serve this trading area.

With best regards,

Yours very truly, Sealy, Incorporated.

JMLawrence/b

cc—E. E. Bergmann, W. J. Craig

[fol. 468E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 161

January 30, 1948

Sealy Mattress Company  
P. O. Box 350  
East Point, Georgia

Attn: Mr. Lawrence Zimmerman

Dear Lawrence:

This will confirm the action of the Executive Committee in assigning certain counties in North Carolina and South Carolina to you on a temporary basis for the service of Sealy merchandise.

The counties in North Carolina are as follows: Cleveland, Gadsden, Macklenburg, Cabarrus, Union, Stanly, Anson, Montgomery, Richmond, Moore, Hoke, Scotland, and Roberson. In addition to the counties stated above, you are also assigned the northern half of South Carolina which consists of the counties not already included in your Sealy contract. This means you will be covering the entire state of South Carolina in addition to the counties outlined in North Carolina.

As I understand it, you are making arrangements to serve the town of Charleston, South Carolina, under a distributor and will also place a warehouse in Charlotte, North Carolina, just as soon as you can make your arrangements.

With best regards,

Yours very truly, Sealy, Incorporated.

JMLawrence/b

cc—E. E. Bergmann, W. J. Craig

[fol. 469E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 162

January 30, 1948.

Sealy Mattress Company  
903 North Halsted Street  
Chicago 22, Illinois

Attn: Mr. Morris A. Kaplan

Dear Morry: /

I think I have written you this information once before, but rather than look into the files of last year and consume a couple of hours of time I will write it to you again.

This is your permission to work the open territory of North Dakota, Minnesota, and that portion of Wisconsin that is not included in your Milwaukee contract on a temporary basis as Sealy territory to be supplied by your plant. I know you understand that as soon as we are able to get a licensee in this area this permission will be withdrawn, however, you will be given full notice of any change.

Yours very truly, Sealy, Incorporated.

JRLawrence/b

cc—E. H. Bergmann  
Mr. W. J. Craig, Chicago



[fol. 470E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 163

March 4, 1948

Sealy Mattress Company  
8. South Harvie Street  
Richmond 20, Virginia

Attn: Mr. Sidney Sutherland

Dear Sidney:

As I wrote you several days back, the matter of your plant serving the Washington, D. C., territory was discussed at the Executive meeting, and I have been asked to give you a resume of their decision.

It was suggested that you continue to serve the Washington, D. C., territory temporarily so that you can ascertain for yourself whether or not you are in a position to properly serve this territory as well as the one you are now serving. Sealy has gone on record that they will not seek a Washington licensee or a licensee to cover the Washington area during the next year or two years while you are surveying or servicing this area. The committee feels that you should have a fair amount of time to work out the problem of sales and service to this particular area, and they will seek a further report before definitely adding this territory to your Richmond contract. They realize that it will possibly require a larger plant or additional plant facilities to that which you now operate and that you will have some sales surveying and work to do before you know definitely that you are able to handle this business. Personally, I believe you can, but it will require planning and real work.

While they did not specifically discuss the additional counties in Virginia that you should work in correlation with the Washington, D. C., territory, I am of the opinion that the following counties should be included in your activities: Shenandoah, Warren, Fauquier, Prince William, Page, Rappahannock, Fairfax, and Arlington.

The counties of Frederick, Clark, and Loudoun would

possibly remain open for inclusion with the Baltimore area. Of course, until such time as we have a representative in Baltimore you may continue to serve any of the Baltimore [fol. 471E] territory you should desire.

If you have any questions or need information which I have inadvertently omitted, please do not hesitate to write to me. I am happy to note the Committee's action, and feel sure that if you do a good job in that area (and I believe you are capable of doing this) the Committee will not hesitate to add this area to your regular Richmond contract.

With kindest personal regards.

Yours very truly, Sealy, Incorporated.

JRLawrence/b

cc—E. H. Bergmann

[fol. 472E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 164

April 26, 1948

Sealy Mattress Company  
2363 Larimer Street  
Denver 2, Colorado

Attn: Mr. Morris Stein

Dear Morris:—

I would like to ask you a very candid question. "Where in the hell have you been for the last ten or twelve years?" Like Rip Van Winkle, it seems you suddenly woke up because business is a little slow and decided that you had a contract right to service the state of Arizona. For the past ten or twelve years, Sealy of California has been shipping and servicing and building Sealy sales for the state of Arizona.

You have been aware these many years that Sealy of California has been doing this, as we have been in a better position to service this state; and because you made statements to the effect that even though you had the contract you didn't want any part of it. As a matter of fact, if you recall at the last Sealy meeting at which you were present, the matter of new franchise holders of Sealy was discussed, and it was decided that none were needed at the time. Mr. Jake Haas then asked me as the representative from Sealy of California if we were servicing the state of Arizona. Since my answer was in the affirmative, he pointed out that there was no need for any additional franchise holders for Arizona as long as California could and did service this state for Sealy. He said that there was no need for cluttering up Sealy with small franchise holders when existing franchise holders were adequately servicing a territory. You may recall all of this being discussed in open meeting last November. The floor was yours and you made no comment. Naturally we assumed that a history of ten or twelve years would not be changed because of a whim or a temporary lull in business by a franchise holder such as yourself.

Mr. Creelman's telephone call to me was quite disturbing and quite a surprise. Our many years of effort in developing Arizona for Sealy seems now in jeopardy because of an [fol. 473E] unauthorized sales organization creating confusion and doubt in the minds of the Arizona dealers. If you care to have this matter opened up again before the Board of Directors, you certainly have the right to do so. However, until such time as you do exercise your prerogative I request your recalling Mr. Lutz of the Diamond Sales Organization from any further calling on our Arizona accounts. This is for the best interests of Sealy—and a protection for the long years of work and service which Sealy of California has put into this state.

You have been present at our local market when Arizona accounts have called, and at no time have you broached a question of your exercising any rights which you felt you had to Arizona. I certainly would have appreciated hearing from you on this matter before you took the liberty of sending any of your representatives into the state of Arizona. Some damage of course has already been done by your lack of foresight, and there is no sense in crying over spilled milk.

If you need business, why don't you work your Utah territory, as we get many requests from there for merchandise.

Please may I hear from you on this aggravating problem.

Personal regards.

Yours very truly, Sealy Mattress Company of Southern California (Joe Willens)

JJW:ga

[fol. 474E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 165

May 1, 1948

Sealy Mattress Company  
5810 South Normandie  
Los Angeles 44, California

Attn: Mr. Joe Willens

Dear Joe:

I have your ultimatum of the 26th to keep out of our Arizona territory. Of course, if I did not know you so well I might have felt inclined to be hurt.

Perhaps you are not acquainted with the real facts about the Arizona territory, how it came about in getting our permission to solicit Sealy business in and around Phoenix and Tucson territory which I am sure my very good friend Seniel will agree with me that it was a temporary arrangement.

True enough you have worked this territory for several years now, but that does not mean that we are ready to forfeit our rights and ownership of the Arizona territory. For your information Joe the only reason that I granted the privilege to Seniel to work that part of the Arizona territory was entirely out of friendship for Seniel, as no other person that I know of could have had this consideration. Furthermore I wish to put you straight and clear on the understanding we had how the territory was to be worked, namely Phoenix and Tucson and immediate territory, was to be covered by your representatives, but we were free to cover towns close to the New Mexico border. As a matter of fact we have shipped some Sealy merchandise into some of the Arizona towns whenever we had any available.

In view of the above circumstances I am sure you will appreciate our position in the matter and approach the situation with an open mind.

I will not take up time in discussing the things that were said at our Sealy meetings about the Arizona territory, for that would not have any bearing on the fact that we do



own the Arizona territory, and it should be left for our own handling.

I am willing to go along with you and let you work Phoenix and Tucson and immediate territory as you have in the past until such a time when other arrangements can be made. I have in mind that there might be some possibility of working out something with Seniel at our next meeting, [fol. 475E] on the basis of some consideration for that particular territory. We, of course, shall remain free to work some of the towns in Arizona which lie closer to the New Mexico border.

This will, of course, depend entirely on your attitude in the matter. You will have to quit picking on me, for this deal will be predicated entirely on friendship.

Judging from the U. J. A. news of the liberal contribution my friend Seniel made, he must be doing pretty good, more power to him.

With best wishes and kindest personal regards, we are

Sincerely yours, Sealy Mattress Company, (Morris).

MS/cms

[fol. 476E] IN THE UNITED STATES DISTRICT COURT  
GOVERNMENT'S EXHIBIT No. 166

May 4, 1948.

Sealy Mattress Company  
2363 Larimer Street  
Denver, Colorado

Attn: Mr. Morris Stein

Dear Morris:—

I have read your letter of May 1st very carefully, and I can't help but feel that you are acting very childish in this matter. You know as well as I that the Arizona territory is in my contract, and we also know that through an error on Sealy, Incorporated's part it was not taken out of yours. To my knowledge there was never any discussion about it being on a temporary basis. We both know that you gave up other territory to Sealy which is now being worked by other franchise holders. On the same basis as you mention in your letter now, you will probably lay claim to the title of the other territories that you gave up to Sealy.

As regards to your question about being able to work out some consideration for the territory, I am sorry to say that I think it is just a little late to begin to think about getting paid for something that was given to me many, many years ago. My liberal donation to the U. J. A. should not influence you one way or the other as regards this other situation.

Since I am not on the Board, I probably will not attend the next Sealy meeting. I am willing however to leave it up to the Board or the Executive Committee, and I feel sure that Joe is capable of handling my interests.

Kindest regards, Sealy Mattress Company of Southern California, Seniel Ostrow.

SO:ga

[fol. 477E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 167

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Los Angeles 44, California.  
Telephone: PLeasant 2-3773.  
5810 South Normandie Avenue

May 4, 1948.

Sealy Mattress Company  
2841 East 37th Street  
Cleveland 15, Ohio

Attn: Mr. E. H. Bergmann

Dear Earl:

A deplorable situation now exists between Sealy of Denver and Sealy of California, brought on by Morris Stein's utter disregard toward contractual obligations. For the past ten or twelve years Sealy of California has been servicing the state of Arizona and Nevada under its franchise rights . . . and with a clear understanding with Sealy of Denver. Sealy of California's franchise rights have never been questioned, and as a matter of fact, were amplified at the last Board of Directors meeting when Jake Haas asked me, as a representative of California, whether we felt a new franchise holder was necessary for this territory, or whether we were adequately servicing this territory. My statement that Sealy of California was adequately servicing this territory was accepted and it was then determined that Sealy, Incorporated did not need an additional franchise holder for Arizona and Nevada.

Now, with this history, Morris Stein has been sending his sales representative into Arizona and now lays false claim to this territory. Actually, Denver cannot service this territory properly because—first, of the freight differentials which exist between Denver and California, and sec-

ond—and most important of all—when business is normal he can't even adequately service his Utah territory.

Mr. Ostrow's contract contains Arizona, and through an over-sight on the part of Sealy, Incorporated at that time Arizona was not deleted from the contract which Denver had.

Enclosed are copies of letters exchanged between Denver and California. It appears from Morris Stein's answer to my letter that it will be up to the Executive Board or Board of Directors to adjudicate and protect Sealy of California's franchise rights for the Arizona and Nevada territories.

We leave this matter in your capable hands.

Kindest regards, Joe Willens.

JJW:ga

[fol. 478E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 167-A

2841 East 37th St.  
Cleveland 15, Ohio  
May 11, 1948

Sealy Mattress Company  
2363 Larimer St.  
Denver, Colorado

Attention: Mr. Morris Stein

Sealy Mattress Company  
5810 South Normandie Ave.  
Los Angeles 44, California

Attention: Mr. Joe Willens

Dear Morris:

Dear Joe:

The matter of confiction in the Arizona territory has finally come to the attention of the unfortunate president of Sealy, Inc. and this letter is written to both parties with the thought in mind of trying to bring this thing to an amiable conclusion without the necessity of action on the part of either the Committee or the Board.

I have known for a number of years that there was some misunderstanding relative to the State of Arizona. I have heard Morris and Seniel wisecrack back and forth for a period of at least ten years about this matter, and while Mr. Haas was president, I, personally, did not take too much interest in what apparently was a difference of opinion. Now, of course, it has come to a head and I would like to get it cleaned up.

It has always been my firm conviction that a reasonable man can solve a reasonable problem and I do not see anything unreasonable about this matter.

I think the proper approach to this matter would be for each of you to sit down and compile a history of the business that you have conducted in Arizona by years and an



outline of the exact territories that you have been servicing. With this information at hand, I believe that the three people, namely the two Sealy licensees and the arbitrator, who can be either the president or legal counsel of Sealy, should be able to come quickly to some amiable handling. Let's approach it with an open mind in that manner.

Please advise me.

[fol. 479E] Sealy Mattress Co., Denver, Colorado.  
Sealy Mattress Co., Los Angeles 44, California.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB:BR

CC: Executive Committee: Morris A. Kaplan, Harry B. Fouts, Louis Haas, William Ockrant.

CC: Mr. J. R. Lawrence.

[fol. 480E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 167-B

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Denver, Colorado.  
Telephone Tabor 4267.  
2363 Larimer Street.

May 17, 1948.

Sealy Incorporated  
2841 East 37th Street  
Cleveland 15, Ohio

Attention: Mr. E. H. Bergmann

Dear Earl:

I have your letter of May 11th in regard to the controversy between Seniel and myself relating to the Arizona territory.

I am sorry to cause you all of this trouble, for I appreciate the fact that you have enough problems running the affairs of Sealy Incorporated without being bothered with additional matters of this type.

Seniel claims that he has Arizona in his contract, but we have had it long before and have never relinquished this territory to Sealy Incorporated or California. I have had some correspondence with both Seniel and Joe Willens, but I didn't get anywhere with them. They insist that the Arizona territory is theirs and will not listen to reason. In view of their attitude it would be best to bring this matter up before the executive board for handling at our next meeting.

With kindest regards, we are

Sincerely yours, Sealy Mattress Company, Morris.

MS/cms

[fol. 481E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 168

SEALY INCORPORATED

Inter Factory Correspondence

To: Mr. J. R. Lawrence

Date: May 18, 1948.

From: E. H. Bergmann.

Subject: —

Roger, you have the original contracts at Memphis for Denver and Los Angeles.

Please get these out and ascertain as to whether or not Arizona appears in both contracts and tell me the dates of the contracts so that I will know as to which contract contains the question of territory first.

Very truly yours, E. H. Bergmann.

EHB:RR

CC: Sealy Mattress Co., Denver, Colorado.

CC: Sealy Mattress Co., Los Angeles, Calif.

[fol. 482E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 169

SEALY "TUFTLESS" INCORPORATED

"Sleeping on a Sealy is like sleeping on a cloud"

666 Lake Shore Drive Chicago 11, Illinois

May 24, 1948

Mr. E. H. Bergmann  
% Sealy, Incorporated  
2841 East 37th Street  
Cleveland 15, Ohio

Dear Earl:

This seems like a rather silly thing, but I can't locate the contract of the Sealy Mattress Company of Southern California. It is not in the safety deposit box, and I am not able to find it in the papers in this office. Early last year we sent this contract to Mr. Herbert J. Haas, of Atlanta, and he had it copied. I feel sure he returned it to this office, but I am unable to locate it.

In Mr. Herbert J. Haas' letter of January 4, 1947, he discussed this contract, and noted that the date was September 1, 1946, and that the contract covered the Fresno and Los Angeles territory. This contract in question did not cover the territory of Oakland, which is a separate agreement. - Now, I have the contract covering the Oakland territory in the safety deposit box, and if I can't locate the contract in question I will have to get Mr. Herbert Haas to have his office make an extra copy of the one he has.

In Mr. Herbert J. Haas' letter of January 4, 1947, he states that the license contract under Paragraph 11 covers the licensed territory in the states of California, Nevada, and Arizona. I have not been able to locate any amendment wherein any of this territory was released to Sealy or to another plant.

In examining the contract with Denver I note that the contract date was September 12, 1936, and that this contract also has the state of Arizona listed in the territory. If this information is correct, and I presume it is, then the California license predates the Denver license by twelve days, and California has a prior right to the state of Arizona over the rights of Denver.

The above for your information.

Sincerely, Sealy, Incorporated, Roger.

JRLawrence/b



[fol. 483E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 169-A

9/17

No reply.

What have you fellows done regarding this matter. I hope you have had so much business that you have not had time to do anything.

Lets get it cleaned up and behind us before annual meeting on 11/12.

2841 East 37th St.  
Cleveland 15, Ohio  
July 22, 1948

Mr. Joseph J. Willens  
Sealy Mattress Company  
5810 S. Normandie Ave.  
Los Angeles 44, California

Mr. Morris Stein  
Sealy Mattress Company  
2563 Larimer St.  
Denver, Colorado

Gentlemen:

I hope that by this time you two boys have been able to get your maps out and have decided on the exact line of demarcation of the Arizona territory.

As soon as you have come to a gentlemen's agreement relative to same, will you please advise me, so that we in the national office may prepare a supplement covering same?

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB:HR

CC: Mr. J. R. Lawrence

[fol. 484E] - IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 170

2841 East 37th St.  
Cleveland 15, Ohio  
September 20, 1948

Mr. Joseph J. Willens  
Sealy Mattress Company  
5810 S. Normandie Ave.  
Los Angeles 44, California

Mr. Morris Stein  
Sealy Mattress Company  
2363 Larimer St.  
Denver, Colorado

Gentlemen:

I wrote you fellows on July 22 regarding the Arizona territory.

I have not heard from you regarding this matter. I hope that the reason is that you have had so much business that you have not had time to do anything about it.

The annual meeting is coming up in about sixty days. What do you say we get it cleaned up before that time?

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB:HR

CC: Mr. J. R. Lawrence.

[fol. 485E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 171

2841 East 37th St.  
Cleveland 15, Ohio  
February 4, 1949

Mr. Joseph J. Willens  
Sealy Mattress Company  
5810 S. Normandie Ave.

Mr. Morris Stein  
Sealy Mattress Company  
Los Angeles, California  
2363 Larimer St.  
Denver, Colorado

Gentlemen:

Bad pennies have a way of coming home, and again I want to inquire of you gentlemen as to what you have done on the definite allocation of the lines dividing the Arizona territory.

This is a matter that should not remain unhandled and I would like to get your two contracts in agreement on this matter.

Please advise me.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

ENB:HR

CC: Mr. J. R. Lawrence.

[101.486E] IN UNITED STATES DISTRICT COURT  
GOVERNMENT'S EXHIBIT No. 172

April 7, 1949.

Sealy Mattress Company  
5810 South Normandie Avenue  
Los Angeles, 44, California

Attn: Mr. J. J. Willens

Dear Joe:

While I was in Cleveland on Monday I discussed the Arizona territory situation with Mr. Bergmann, and he turned over to me the letters received from both you and Mr. Stein.

Your letter of March 23 lists certain towns and cities, but does not give a breakdown by counties. I do not have a map of Arizona before me that gives the individual towns, and I am wondering whether or not the division agreed upon between you and Mr. Stein could be by county lines.

If it is possible to divide the state of Arizona by county lines, it would simplify our Sealy records. Whenever we assign a territory or make a division of territory we always follow, as near as possible, county lines. We find it inconvenient to list territories in any units less than a county.

I will appreciate it if you will look this over and write me.

With best regards,

Yours very truly, Sealy, Incorporated.

JRLawrence/b

cc—Mr. E. H. Bergmann

[fol. 487E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 173

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Denver, Colorado  
Telephone Tabor 4267  
2363 Larimer Street

February 9, 1949.

Mr. E. H. Bergmann,  
2841 East 37th St.,  
Cleveland 15, Ohio.

Dear Earl:

In regard to your letter of February 4, neither Ostrow nor ourselves have come to any decision as to the territory in Arizona and we are covering a few of the towns and Los Angeles takes care of the biggest part of Arizona.

I hope to come to some agreement on the Arizona territory at some future time, although I want you to know that I consider Arizona our territory. We have it in our Sealy contract.

Sincerely, Morris, Sealy Mattress Company.

ms:ms



[fol. 488E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 173-A

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Los Angeles 44, California  
Telephone Pleasant 2-3773  
5810 South Normandie Avenue

March 23, 1949.

Sealy Mattress Company  
2841 East 37th Street  
Cleveland 15, Ohio

Attn: Mr. E. H. Bergmann

Dear Earl:

Your letter of February 4th with reference to allocation of the lines dividing the Arizona territory between the Denver and California franchises, is one which I am sorry I have not answered sooner. You are absolutely right that this matter should not remain unhandled any longer, and since, Morris Stein and ourselves have agreed to the following—and it should be incorporated into our contract. California is servicing and shipping regularly the following cities and towns: Glendale, Phoenix, Mesa, Tucson, Casa Grande, Yuma, and Nogales.

We have agreed that Mr. Stein's representative service the north-central and extreme southern part of Arizona, which includes the following: Prescott, Winslow, Holbrook, Kingman, Flagstaff, Cottonwood, Safford, Globe and Miami.

The above outlined territory has been agreed upon by the Denver plant and ourselves. This should take care of the allocation of the Arizona territory between Denver and ourselves.

Kindest regards, Sealy Mattress Company of Southern California, Joe Willens.

JJW/ga

[fol. 489E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 174

Dictated March 28, 1949.  
March 29, 1949.

Sealy Mattress Company  
5810 South Normandie Avenue  
Los Angeles, California

Attn: Mr. J. Willens

Dear Joe:

I want to acknowledge receipt of your letter of March 23rd, in which you outline the territory which is going to be serviced by Los Angeles and also the territory which will be serviced by Mr. Morris Stein, representing your agreeable division of the state of Arizona.

This information is going to be forwarded on to the attention of Mr. Roger Lawrence and I will have him draw up a letter of stipulation which will be sent to you and to Morris Stein for your signatures and, in turn will be signed by me, and will be affirmed to the contracts.

Thank you very much for the excellent attitude on the part of both you and Morris in cleaning up what could be a very nasty situation.

Personal regards.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB:r

cc: Lawrence, M. Stein.

[fol. 490E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 175

May 9, 1949.

Sealy Mattress Company  
5810 S. Normandie Avenue  
Los Angeles, California

Attn: Mr. J. J. Willens

Dear Joe:

On April 7th I wrote to you regarding the breakdown of the Arizona territory between your plant and the Denver plant. On Friday I had an opportunity to sit down with Mr. Stein and go over this matter thoroughly, and we were able to refer to your letter of March 23rd and work out a division of this territory in regard to counties.

It is proposed that Los Angeles will work the following counties in the state of Arizona: Yuma, Maricopa, Pima, Pinal and Santa Cruz. It is proposed that Denver work the following counties: Mohavi, Coconine, Navaho, Apache, Gila, Yavapai, Graham, Greenlee and Cochise.

If you will be so kind, please refer to your territory maps and let me know immediately whether or not this division is a proper one and whether or not you are in full agreement. If I do not hear from you, I will take it that it meets with your okay.

With best regards.

Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL:r

cc: Bergmann

[fol. 491E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 176

February 16, 1950.

Mr. Herbert J. Haas  
First National Bank Building  
Atlanta 3, Georgia

Dear Mr. Herbert:

When Morris Stein and his partner sold out their interest in the Denver plant to the new people we issued a new contract covering the territory we had listed in this office as belonging to the Denver territory. In this listing we included the state of Nevada but, upon receiving the old Denver contract from Morris Stein we note that Nevada was not included in the original Denver territory. There was no intention on the part of this office, nor was there any promise to the new people to franchise to them more territory than was listed in the old Denver contract. The peculiar thing about this is that all of our territory records, maps, etc. (some go back to 1943) list Nevada as being in the Denver territory.

In referring to the contract to Seniel Ostrow, dated September 1, 1936, we find that Nevada is listed in his contract. On the basis of these contracts there is no doubt but that the Nevada territory actually belongs to Seniel Ostrow. If there were any supplementary agreements or changes in the territorial setup, we have not been able to find any record of them.

This whole thing comes up because the Denver plant has gone into the Nevada territory and Seniel Ostrow has called the national office with the request that we chase them out. He states that he has been serving western Nevada for over fifteen years and that it is in his contract. Earl and I have discussed the matter and he is going to write to Denver and tell them that if the state of Nevada is listed in their new contract then, obviously, it was in error as we cannot franchise territory we do not possess.

As you will recall, we found the state of Arizona listed in both the old Denver contract and the contract to Seniel Ostrow. This we were able to work out by an agreement

as to a division of the state for practical service arrangements. There has been no further trouble regarding the Arizona territory.

[fol. 492E] In looking over Seniel Ostrow's contract, dated September 1, 1936, I note that the states of California, Nevada and Arizona are listed. In referring to the contract for the Sealy Mattress Company of Northern California, dated December 15, 1937, and which is ostensibly the Oakland contract, I note the territory listed as follows: All of the state of California included with the following boundary line; Beginning at Fort Rose on the Pacific Ocean, to Lytton to Middletown to Arbuckle to Knights Landing to Woodland to Davis to Rio Vista to Byron to Mountain House to Altamont to Livermore to Hollister to the Pinnacles National Monument to Soledad to Big Spur on the Pacific Ocean and including all of the said towns except Big Spur and Livermore.

This brings up a problem that may arise in the future as again we have territories listed in two separate contracts and there is no record of a modification of the first contract containing the same territory. Earl and I feel that there should be some kind of written agreement regarding the territories listed in the two contracts in California so that the future officials of Sealy would have some guidance in case the problem should ever arise.

If you have any thoughts on the matter or you need any additional information, please communicate with the writer.

Best regards.

Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL:r



[fol. 493E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 177

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Los Angeles 44, California  
Telephone Pleasant 2-3773  
5810 South Normandie Avenue

April 10, 1950

Mr. J. R. Lawrence  
Sealy Incorporated  
666 N. Lake Shore Dr.  
Chicago 11, Illinois

Dear Roger:

In reply to your letter of the seventh regarding the supplementary agreements, these will have to be re-written as they do not apply to the present division of territory.

I am enclosing the map which you will please return, showing a new line running from Lopez point on the Pacific Ocean to King City to Madera to Laws to Goldfield, Nevada, including everything north of this line both in California and Nevada. The cities of Madera and King City are included in the northern territory.

Yours truly, Sealy Mattress Co. of Southern Calif.,  
Seniel Ostrow.

SO/rf

[fol. 494E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 178

May 8, 1950.

Mr. Herbert J. Haas  
First National Bank Building  
Atlanta 3, Georgia

Dear Mr. Herbert:

I sent the supplementary agreements regarding the southern California and northern California territories to Seniel Ostrow for signature. On April 10th Mr. Ostrow wrote me that the line of division between the two territories had been changed and that the new line divides California into north and south as follows.

The northern California area will consist of all territory north of a line running from Lopes Point on the Pacific Ocean to King City to Madera to Laws to Goldfield, Nevada. The cities of Madera and King City are included in the northern territory. Everything south of this line is in the Los Angeles territory.

I wrote to Mr. Ostrow and asked him to return the agreements to me so that I could have them corrected and Joe Willens wrote and told me that the agreements could not be returned inasmuch as Mr. Ostrow discarded them thinking they were of no use.

What this means is that you will have to refer to your copy in your office and make up a new agreement embodying the above change in territory. I did not keep a copy of the agreement in this office so must pass this burden to your secretary.

Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL:r

[fol. 495E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 179

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Los Angeles 44, California  
Telephone Pleasant 2-3773  
5810 South Normandie Avenue

August 18, 1953.

Mr. Earl Bergmann  
Sealy Inc.  
666 N. Lake Shore Dr.  
Chicago, Ill.

Dear Earl:

In answer to bulletin 150 August 3rd, subject directors meeting Sept. 14th to 15th, I would like to submit for discussion on the agenda the servicing of the entire state of Arizona by the California franchise.

I have attempted several times to get Denver to agree to amend our contract to provide for California servicing the entire state of Arizona on a permanent basis, instead of the temporary oral agreement which is now in existence. I would like to discuss this matter with you personally before the meeting to get your ideas on the proper approach during the employers meeting.

Kindest personal regards, J. J. Willens.

JJW/AA

[fol. 496E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 180

Dict. 11/23/53  
November 24, 1953.

Mr. Morris Stein  
Sealy Mattress Company  
2363 Larimer Street  
Denver, Colorado

Dear Morris:

It is my understanding that the Denver plant has a verbal understanding with the Los Angeles plant which permits the Los Angeles plant to service the entire State of Arizona.

I would like to reduce this understanding to writing and place it on a permanent basis and make it a part of the respective contracts of Los Angeles and Denver.

Will you please send me your confirmation of this oral agreement so that I may reduce same to writing and have this executed and attached to the two contracts.

Yours very truly, Sealy Incorporated.

E. H. Bergmann.

EHB:hlc

[fol. 497E]

Dict. 9/18/53  
September 21, 1953.

To: Messrs J. J. Willens and Ben H. Antonoff

Gentlemen:

It is my understanding that you two gentlemen have a verbal understanding as to the servicing by the California plant located in Los Angeles of the entire State of Arizona.

This writer would like to reduce this understanding to writing and place it on a permanent basis and attach it to the respective contracts of Los Angeles and Denver.

May I have your confirmation of this oral agreement so that I may be reduce same to writing and have same executed prior to the annual meeting.

Yours very truly, Sealy, Incorporated.

E. H. Bergmann.

EHB:hl



[fol. 498E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 181

SEALY MATTRESS COMPANY

Makers of Finer Mattresses Since 1881

Sleeping on a Sealy is like sleeping on a cloud

2363 Larimer Street,  
Telephone Tabor 4267  
Denver 2, Colorado

November 30, 1953.

Mr. E. H. Bergmann  
Sealy, Incorporated  
666 Lakeshore Drive  
Chicago, Illinois

Dear Earl:

I was somewhat surprised to read your letter of November 24 in regard to my understanding with Los Angeles to permit them to service the entire state of Arizona. They have pulled this same stunt on me a couple of years ago, and the results were that I lost more than half of the Arizona territory.

I do not recall that I have offered any Arizona territory to them, and as far as I know, we are not in the mood at the present time to let any of our territories go to anybody. Therefore, will you please inform them to keep their salesmen out of that territory which belongs to us?

This will also acknowledge your Posture Products letter of November 25. I took the matter up with Herman Karlan, and I am sure we can arrange to send you an order for a car for Posture Products springs every other month as suggested in your letter.

Sorry I won't be able to see you at the Kansas City sales meeting, as I have sprained my ankle and my foot is in a cast now, and will be from 2 to 3 weeks.

With kindest personal regards,

Sincerely, Morris, Sealy Mattress Company, Morris Stein.

MS:LS

[fol. 499E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 182

Dict. 12/7/53  
December 8, 1953.

Mr. Morris Stein  
Sealy Mattress Company  
2363 Larimer Street  
Denver, Colorado

Dear Morris:

I was very sorry to learn from your brother while I was in Kansas City that you had fallen and sprained your ankle. I hope that your foot will be out of the cast before it is time for the January Market. It just wouldn't seem right for us to go into our new home without the patriarch of Sealy being present.

I want to acknowledge receipt of your letter of November 30th relative to the Arizona territory.

I wrote to both Joe Willens and Ben Antonoff on September 21st relative to the verbal agreement which I understood existed between those two gentlemen and the matter of servicing of the entire State of Arizona. I did not receive a letter from Ben, but I did receive a letter from Joe saying that there was a verbal understanding between them and that he, Joe, would be very much in agreement to the reduction of same to writing.

Since I did not hear from Ben, after the change I wrote to you on November 24th.

I have a feeling, Morris, that the best thing to do with this is to leave sleeping dogs lie. I'll see you soon in Chicago.

Personal regards.

Yours very truly, Sealy, Incorporated.

E. H. Bergmann.

EHB:hlc

[fol. 500E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 183

Dict. 2/4/54  
February 5, 1954.

Mr. J. J. Willens  
Sealy Mattress Company  
5810 S. Normandie Ave.  
Los Angeles 44, California

Dear Joe:

I am sorry to advise you that I have been a complete failure in my attempts to reason with Morris Stein on the relinquishment of that portion of the State of Arizona which is in his contract.

I pointed out to him what I thought was a very realistic approach to the subject, but he has turned me down flatly.

It is my understanding that you are planning on coming to the Board meeting in Florida and maybe when the two of you are there completely relaxed you may be able to solve the problem between you because apparently I can accomplish nothing as a moderator.

Personal regards.

Yours very truly, Sealy, Incorporated.

E. H. Bergmann.

EHB:hlc

[fol. 501E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 184

August 20, 1948

9/7

Roger to write re E Com decision & reasons as to temporary territory

Do not touch on his views relating to permanent contract.

Sealy Mattress Company

P. O. Box 432

Bluefield, Virginia

Attn: Mr. J. L. Metcalfe

Dear Jack:

This will acknowledge your letter of August 17 in regard to the new North Carolina territory being serviced by your plant. You state that you do not recall this territory being added to your contract, and this is entirely correct. Permission has been given to your plant by Sealy, Inc., to serve this North Carolina territory on a temporary basis. It was the intention of the Executive Committee that the three plants serve the area surrendered by the Memphis plant on a temporary basis in order that Sealy, Inc., might determine whether or not such an arrangement is satisfactory for the Sealy corporation. I do not know what period of time this territory is to be assigned on a temporary basis, but I do not know it will be not less than a year and probable not more than two years.

I must admit that this does raise problems for the plants taking over the territory. Whether or not the plants hold the territory assigned to them on a temporary basis depends on their sales and service in that area. By the same token, you cannot have a great deal of business unless you will be willing to advertise. I can't blame you for being reluctant about putting your money into a territory that is not on your contract, but this is a gambler's chance that you will have to take.

If I were one of the plant owners making a decision, I

would be inclined to spend money in the territory—possibly allocating a set amount for the area and then trying to hold it to 5% of my sales in that area. If I anticipated that the territory would produce me around \$100,000 worth of business in a year, I would set up \$5,000 in advertising to get this business rolling. Whether you would spend this on cooperative billboard advertising, newspaper advertising, radio, etc., would be entirely up to your own judgment and survey of the territory. Personally, I would restrict my entire expenditure to a cooperative basis with the dealers. In this way you get two for one and make the dealers happy.

[fol. 502E] If you plan to set up a six month's or year's projected advertising expenditure in this territory, I wish you would advise me so that the Sealy corporation can give you protection on this territory. I don't believe you will be throwing money away even if the territory were not assigned to your contract permanently, for this territory properly handled will pay for itself on a current basis.

With best regards,

Yours very truly, Sealy, Incorporated.

JRLawrence/b

cc—E. H. Bergmann



[fol. 503E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 185

August 25, 1948

Sealy Mattress Company  
903 North Halsted Street  
Chicago 22, Illinois

Attn; Mr. Morris A. Kaplan

Dear Morry:

Enclosed is the letter I received from Mr. Jack Metcalfe, of the Bluefield, Virginia, plant, in regard to the North Carolina territory that was assigned to him in January, 1948, on a temporary basis.

I am sending you this letter so that you can consider putting it on the agenda of your next Executive Committee meeting. I am of the opinion that the Committee felt these plants should serve this territory for a minimum of one year in order to determine whether or not the division of the territory was for the best interests of Sealy, Inc.

Yours very truly, Sealy, Incorporated.

JRLawrence/b

Encl.

cc—E. H. Bergmann

[fol. 504E] IN UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 186

September 21, 1948

W. J. Craig  
Sanitary Bedding Company  
815 Rondo Street  
St. Paul 4, Minnesota

Attn: Mr. Ross S. Rosenberg

Dear Mr. Rosenberg:

I am very happy to tell you that the Executive Committee of Sealy, Inc., has accepted your application for a franchise in the Minnesota territory. They are in full agreement of the salient points I outlined to you on my recent visit.

The Committee is in agreement that your contract will start January 1, 1949, on the straight royalty basis, and that the minimum royalty will be \$400.00 per month. They will agree to waive the minimum royalty requirements for the first three months in order that you may begin to receive the benefits of the Sealy advertising selling before the minimums become effective. As I told you in St. Paul, and I think you will agree with me, the minimums will not be anything to worry you for your sales will by far outstrip any of the minimums required under the contract.

We are in agreement that you will sit in on the Sealy Licensees' meeting that will be held in Chicago on November 14, provided we have your signed contract prior to that time. We will be willing to sell you five shares of Sealy, Inc., stock at \$105.00 per share. The holding of these five shares of stock will enable you to sit in on the annual stockholders meeting.

The contract I discussed with you in St. Paul has been approved with the exception of some minor changes, and as soon as I receive the form back from our attorneys I will send you three copies. All three copies are to be executed and returned to the writer, and upon completion by Sealy, Inc., one copy will be returned to you for your files.

The territory under this franchise will consist of the

entire state of Minnesota, the entire state of North Dakota, the following counties in the state of Wisconsin—Douglas, Washburn, Burnette, Polk, Barron, Dunn, St. Croix, Pierce, Pepin, and Buffalo. You will have the majority of the [fol. 505E] state of South Dakota, but I must call to your attention that there are some counties in this state already franchised to other plants. On the Western end of South Dakota the counties of Harding, Perkins, Butte, Meade, Lawrence, Pennington, Custer, Fall River, Washington, and Shannon are franchised to the Sealy Mattress Company of Denver, Colorado. There is also a strip of counties across the Southern end that are in the Des Moines territory. This boundary line would roughly be across the top of the counties of Minnehaha, McCook, Hanson, Davison, Aurora, Brule, Gregory, Tripp, Mallette, and Washa baugh. All in all, the territory outlined is quite large and contains quite a large buying power and population. You have a very good balance of country and city accounts, and I personally know there are a great number of dealers in that area very anxious to put in the Sealy line, when facilities are completed for servicing out of St. Paul. You probably have your own sales plan, but it would seem that you would need two men for your country territory—one to work North Dakota, South Dakota, and the Western part of Minnesota—and the other to work in and around the country territory outside of Minneapolis and St. Paul, including the counties along the Western end of Wisconsin. Of course, you will necessarily have to have a full time city salesman to work the accounts in Minneapolis and St. Paul. As your volume increases, you may find it necessary to put on additional salesmen.

The Sealy Engineer, Mr. Earl Guckert, will be available during November and December to supervise the new layout of your plant. We will have him in Des Moines around October 15, and if you want Mr. Guckert to prepare a layout diagram for you it may be possible I can get him up there for a short time around the first week in November. As I have already stated to you, the charges for Mr. Guckert's services are \$50 a day, which includes all his expenses. We do not like to send him to a place for less than a week, or five days, for his travel expenses are quite heavy. In my opinion, Mr. Guckert's services at \$50 is a

tremendous value, for I can tell you confidentially that his salary runs more than that, and Sealy, Inc., each year bears a very heavy proportion of his expense.

This letter is rather lengthy, but before I close I want you to know that Sealy has in the processing of work one of the outstanding promotions on the resale lines of mattresses that has been conceived since the introduction of innerspring construction. Your joining of the Sealy group in January will be most timely, for you will immediately receive the benefits of the planning and work that has gone on for the past several years. You will be able to see the complete line of market samples at the licensees meeting in November, and will be able to become fully familiar with the program of Sealy, Inc., for the next year.

I am very enthusiastic about your possibilities. You have an opportunity that is very seldom as timely as your association with the powerful selling organization of Sealy plants. You will like the people in the organization from the President on down, and will benefit greatly by the association with such astute business men as are associated [fol. 506E] with our group. I feel sure that everyone in the Sealy organization will share the writer's feeling of elation in having you come into the group and that each and everyone will extend you a welcome hand at the November meeting.

With best regards,

Yours very truly, Sealy, Incorporated

JRLawrence/b

cc—Mr. E. H. Bergmann, Mr. H. B. Fouts, Mr. Louis G. Haas, Mr. M. A. Kaplan, Mr. Wm. Ockrent, Mr. W. J. Craig.



[fol. 507E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 188

November 24, 1948.

Air Mail

Sealy Mattress Company  
38 Everett Street  
Allston, Massachusetts

Attn: Mr. I. A. Wiener

Dear Mr. Wiener:

Mr. Bergmann has authorized the addition of the following counties in the state of Massachusetts to your licensee agreement with Sealy, Inc.: Bristol, Plymouth, Barnstable, Dukes, and Nantucket. In connection with this, you are to write us a letter releasing the state of Vermont from your present license agreement and surrendering this territory back to Sealy, Inc.

As soon as we have your letter releasing the territory of Vermont, Sealy, Inc., will give you a letter officially incorporating the above named counties into your present license agreement.

Please give this your immediate attention as we would like to complete these formalities.

With best wishes,

Yours very truly, Sealy, Incorporated

JRLawrence/b

cc—Mr. E. H. Bergmann



[fol. 508E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 189

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Richmond 20, Virginia

Telephone 6-4871

8 South Harvie Street

April 14, 1949.

Mr. Earl Bergmann,  
% 2841 E. 37th St.,  
Cleveland 15, O.

Dear Earl:

I acknowledge your communication of April 6th along with the new Sealy contract in triplicate.

I have studied the letter and the contract. I realize fully the necessity of Sealy Inc. receiving royalties in order to carry on. I feel that I have not done a bad job with Sealy in my territory but of course there is always room for improvement.

I have this week installed new machinery and I feel that my plant is getting on a better production basis. I may not be as modern or as stream-lined as a good many other plants, but I am making an effort to improve my facilities. You speak something of securing a entirely new plant sometime in the near future. I do not know that this can be accomplished, but I am keeping my eyes open and if it is possible I will make a change; however, I cannot promise you definitely that this will be done. I have Sealy very much at heart and I want to make an effort to do the best I can for Sealy. I wrote you some while ago that I had made arrangements whereby I can give all my time to Sealy and perhaps in the long run some results may be shown.

\* Before signing the contracts and returning them to you, there are one or two questions which I want answered. At present you know I am doing some little selling in territory in North Carolina which was not originally allotted to me,

and also doing some little selling in northern Virginia [fol. 509E] which was not originally allotted to me. Both of these were with the consent of Sealy Inc. Before I sign the new contract I want to know if I can continue selling in these territories until Sealy makes some permanent arrangement for others to sell in these areas. Of course I do not consider this outside territory in which I am selling as belonging to me as a-part of my contract, but I do wish to have confirmation from Sealy, or you, that it will be alright to continue selling in these areas until notified by Sealy to discontinue selling; without this selling being an infringement on present contract. I feel that I should have this protection before signing the contract.

Yours sincerely, Sidney, Sealy Mattress Company  
of Richmond, Inc.

SS:b

[Vol. 510E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 190

Dictated April 21, 1949  
April 25, 1949.

Sealy Mattress Company  
8 South Karvie Street  
Richmond, Virginia

Attn: Mr. Sidney Sutherland

Dear Sidney:

I want to acknowledge receipt of your recent letter concerning the letter that I dispatched to you and the new three year contract.

It is the understanding of Sealy, Incorporated, and also of this writer, and this letter is sent to you as confirmation of that understanding, that you are permitted to continue to work the territory in North Carolina, which as been allotted to you, and also the small territory in Northern Virginia which was not originally allotted on your contract but which was also given to you with the understanding that you were to work it and make sales therein of Sealy merchandise until such time as Sealy obtained a permanent licensee for this territory.

Relative to the change of the minimums from \$300.00 a month to \$400.00 a month, this writer wishes to advise you that the \$400.00 figure is the minimum which is now applied to all Sealy contracts both new and renewals and we are quite sure that, come what may, never will you find business so bad that you will not be able to produce at least a \$400.00 minimum.

Very truly yours, Sealy, Incorporated, E. H. Bergman.

EHB:r

cc:Lawrence:

[fol. 511E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 191

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Richmond 20, Virginia

Telephone 6-4371

8 South Harvie Street

April 28, 1949.

Mr. E. H. Bergmann,  
% Sealy Mattress Company,  
2841 E. 37th St.,  
Cleveland 15, O.

Dear Earl:

Thanks for your letter of April 25th in which you state it will be satisfactory for me to work in addition to my regular North Carolina contract territory the additional territory in North Carolina and additional territory in northern Virginia until Sealy secures a regular licensee in these areas.

I am signing and returning to you in triplicate, the renewal contract. Please let me have one of these back at your earliest convenience.

Business is not as good as I would like for it to be, but I am hoping that it will show improvement in the very near future.

With kindest regards and best wishes, I remain

Yours sincerely, Sidney, Sealy Mattress Company  
of Richmond, Inc.

SS:b



[fol. 512E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 192

SEALY MATTRESS COMPANY  
Division of Metcalfe Brothers, Inc.

"Sleeping on a Sealy is like Sleeping on a Cloud"

Bluefield, Virginia  
Telephone 4621  
Railroad Avenue  
Post Office Box 432

June 22, 1949  
1904-A

Mr. J. R. Lawrence  
Sealy, Inc.  
666 Lake Shore Drive  
Chicago, 11, Ill.

Dear Roger:

As stated in my previous letter it is not my intentions to split up the North Carolina territory so it would not be acceptable to another manufacture on a franchise basis. I do think, though, that if Richmond, Atlanta or Bluefield are going to work it, we should be putting a little effort over there. As explained in one of my previous letters, we have had very weak representation in this territory and it is my intentions to work a part of this territory myself from now on. I do know from what little I have worked in that territory it is going to be impossible for us to do any kind of a job, especially around High Point, Greensboro and Winston Salem, unless we have a warehouse there.

[fol. 513E] Very truly yours, Sealy Mattress Company,  
J. L. Metcalfe—Manager.

JLM:MEN

Dictated but not read.



[fol. 514E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 193

Sealy Mattress Company  
Railroad Avenue  
Bluefield, Virginia  
Attn: Mr. J. L. Metcalfe.

June 28, 1949.

Dear Jack:

I have your letters of June 22nd on various subjects and I will treat each subject in a separate letter so that you will not have trouble in filing.

In regard to the North Carolina territory, I want to be frank with you and tell you that we have had Mr. Guckert through North Carolina and South Carolina to survey that territory for a possible licensee. I have not as yet had Mr. Guckert's report as he will not finish up until today. After I have read over his comments, I will be in a better position to make a recommendation to Mr. Bergmann and the Directors as to the handling of this open area.

I fully understand your needs for establishing a warehouse at High Point. I realize, too, that in order to establish the warehouse you will possibly have to take a lease or agreement for no less than a year's duration. If there does not seem to be any prospects of franchising the territory, the possibility of giving you assurance of a year's sole right to the territory would not be beyond the realm of possibility.

While I am awaiting Mr. Guckert's report, I would like for you to write to me and let me know if a year's exclusive to the territory (with a possibility of renewal from year to year) would be in line with your thoughts on the matter. I believe we are both in agreement we cannot break up the territory on a permanent basis unless we have some assurance that Richmond and East Point will draw the potential business out of their areas. I am not too worried about you getting the business for, if you give it your personal attention, I am sure the sales will be forthcoming if you have the proper set-up on a warehouse.

Yours very truly, Sealy, Incorporated, J. H. Lawrence.

JRL:r

[fol. 515E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 194

SEALY MATTRESS COMPANY  
Division of Metcalfe Brothers, Inc.

"Sleeping on a Sealy is like Sleeping on a Cloud"

Bluefield, Virginia  
Telephone 4621  
Railroad Avenue  
Post Office Box 432

August 13, 1949  
2335-A

Mr. J. B. Lawrence  
Sealy, Inc.  
666 Lake Shore Drive  
Chicago, 11, Ill.

Dear Roger:

As requested in our recent telephone conversation I have hurriedly marked a map which shows the territory we have in our regular contract with Sealy marked with green ink and have marked with red ink that which we would like to have. This means we will be giving up a part of our territory covered by our contract in place of that which we would like to have. This, of course, is done in connection with your plans in possibly locating another plant at Charlotte, North Carolina.

Would like to call your attention to the fact that in one or two cases I am coming rather close to Charlotte, but at the same time, by locating a warehouse in High Point, which we will definitely do, we can better serve some of these towns out of High Point as some of their trucks go there at least once a week for other items. Not only this, but it gives us road passage from one part of our territory to another. I have reference particularly to Salisbury, North Carolina which is on the road from High Point over

to the North Wilkesboro territory which we definitely want to keep.

For a matter of record I wish to state that as follows are the counties in North Carolina which is in our contract:

These counties are: Stokes, Surrey, Allegany, Ashe, Yadkin, Wilkes, Alexander, Cardwell, Avery, Watauga, Rockingham, Burke, McDowell, Mitchell, Madison, Buncombe, Haywood, Jackson, Swain, Graham, Macon, Clay, Cherokee, Transylvania, Henderson, Polk, Catawba and Yancey.

The following counties are those which we would like to retain for a High Point warehouse:

Avery, McDowell, Burke, Caldwell, Watauga, Ashe, Allegheny, Wilkes, Alexander, Catawba, Irebell, Rowan, Davie, Yadkin, Surry, Stokes, Forfyth, Davidson, Randolph, Guilford, Rockingham, Chatham, Alamant, Caswell, Person, Orange, Durham and Wake.

[fol. 516E] I expect your first reaction is I am asking for a lot more then what I am giving. This is true, but still on the other hand we have been getting quite a bit of business out of the Asheville territory and if a plant is not put in Charlotte, we would want to warehouse in Asheville as well as High Point. Of the two, though, we would prefer High Point because it would give us a little more population and put us in this city where most of these accounts where most of these accounts go with their trucks each week. Besides that, by your own admission, the Charlotte territory has two million people within a radius of sixty miles of Charlotte. To add the territory west of that to that franchise, and even with giving me what I want, they will still have a larger territory by population then what we have.

If this transfer or trade can be made, we would like to do so immediately. We have several people with whom we have discussed handling our line both on a salesman's warehouse basis and a distributor basis. I even know of one building in the city of High Point which can be rented or even purchased very reasonable. This might get away from us unless we act promptly.

As soon as you have had an opportunity to study this over, please let me hear from you.

Something else, though, I would like to call your attention to is that territory south and east of High Point which we will serve out of High Point but am not to interested in. This particularly is Fayetteville and some little territory below there. Perhaps Richmond would be interested in that. I expect he could serve them about as well as a plant in Charlotte.

Please let me hear from you promptly in regard to this matter.

With kindest regards,

Very truly yours, Sealy Mattress Company, J. L.  
Metcalf—Manager

JLM:MEN

Encl.

Dictated but not read.



[fol. 517E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 195

August 24, 1949

Sealy Mattress Company  
Railroad Avenue  
Bluefield, Virginia

Attn: Mr. J. L. Metcalfe

Dear Jack:

I have your letter, along with the North Carolina map which you marked. I want to handle this just as quickly as you do, but I am not going to jeopardize my Charlotte territory without first being sure of my ground.

I feel confident that I can work this matter out with the prospects I have for a franchise in North Carolina although I may not be able to give you as much territory in the north central part of the state as you requested.

It appears to me that the town of Salisbury should be serviced by Charlotte and not out of the warehouse at High Point. This would make your line run from Hickory to Statesville to Lexington to High Point in the Greensboro and Winston-Salem area. Going east from High Point, your area would include Greensboro, Burlington, Reidsville and possibly Durham and Raleigh—providing I do not work out a franchise with a licensee at Rocky Mount, North Carolina.

I should be able to give you some definite information this week.

Best regards.

Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL:r



[fol. 518E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 196

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Bluefield, Virginia  
Telephone 4621  
Railroad Avenue  
Post Office Box 432

August 26, 1949  
2410-A

Mr. J. R. Lawrence  
Sealy, Inc.  
666 Lake Shore Drive  
Chicago, 11, Ill.

Dear Roger:

Your letter of August 24th, has been received, contents of same carefully noted. In this letter you put me on the defensive where in the trade of this territory I would rather be on the offensive. In the first place it isn't a question of how you made the trade with the man in Charlotte because we are more interested in what we can get out of the trade ourselves.

We feel that the Bluefield plant should be given a little, consideration in the distribution of this territory in view of the fact that by your own admission as stated on your territorial variation sheet on the sales from July 1, 1948, through July 30, 1949, varifies this fact. Our potentiality in Bluefield is 1.227% while the Charlotte territory leaving out any of the territory we are now working whether we own it or not, is still 1.789%. On studying this report I find we have the lowest potential sales possibility of any plant in Sealy. At the same time I would like to call your attention to the fact that we are number 6 in sales performance in our territory. This within itself should show we can do a job for Sealy and if given additional territory, Sealy would get the benefit of it in our royalty payments.

If we get into a trade on this territory we definitely will want enough territory to accommodate at least one regular

salesman and will make the trade with the understanding that we definitely will warehouse in this territory. If this territory is large enough and we can get enough sales out of it, we will in all probability, and have already given serious thought of putting a plant down there. Most certainly a plant working in conjunction with this one would be more profitable to us than a warehouse if there is enough volume to be had there.

I might add here we are thinking of giving up our bottling venture, in which case, we would be in favor of working this territory with a plant.

[fol. 519E] I might also add here that I sill would like to be advised before anything definite is done with any other plant in North Carolina. You promised this recently in a telephone conversation.

With reference to Salisbury, North Carolina, we included this in what we would like to have in North Carolina to give us a direct road route in the western direction from High Point. It is true we would work a truck out of High Point coming north to Lexington, North Carolina, to get to Statesville, but by going through Salisbury, we not only pick up a good size town with prospective buyers but we would be 10 to 15 miles with extra driving for this truck. In other words, we have given this thing enough thought that we feel the territory requested on the map would in all probability give us enough territory to operate a small plant in. This, of course, would absolutely include Raleigh and Durham. Without these two towns I don't believe we would be interested in promising a warehouse in this section.

It might help you and help us too if you could get some figure on the definite population on the counties which we requested on this map. This would give us a better idea as to what we could plan for the future of same and also if we would be interested in a trade of our western section for it now. I believe this population survey would show that by giving to Charlotte the territory you now have open for them and our territory, including Asheville and west, would still give them a larger population then the Bluefield plant franchise would have if you gave us everything we requested on this map.

Once again I want to state that even though we marked

the map, we have not definitely stated we would enter into any kind of trade with Sealy for this territory. Most certainly if we do get into a trade, we will want something in return for it, which of course, would make the Bluefield plant more profitable for Sealy. In as much as the Charlotte territory is already larger than ours, I think this should be given serious consideration.

I would like to ask you again to please get in touch with us before you sign up any plant at all in Charlotte or any other part of North Carolina. Then, too, I also want to ask you that we possibly get together somewhere and fully discuss this territory thing before you make any promises to the Charlotte man on the territory which we now own. If you think it possible and worth your while, will be glad to meet you anywhere you say at your convenience and go into this matter thoroughly.

Please let me hear from you at your earliest convenience.

Very truly yours, Sealy Mattress Company, J. L. Metcalfe—Manager.

JLM:MEN

[fol. 520E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 197

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Bluefield, Virginia

Telephone 4621

Railroad Avenue

Post Office Box 432

September 15, 1949  
1512-A

Sealy, Inc.  
666 Lake Shore Drive  
Chicago, 11, Ill.

Attention: Mr. J. R. Lawrence

Dear Roger:

In accordance with our telephone conversation the early part of this week, we are entering into a contract with the T. E. Dickerson Distributing Company, High Point, North Carolina, to handle our Sealy line of merchandise for the 27 counties as outlined in my letters as well as on a map. You will recall you authorized us to do this unless you advised us to the contrary by today, September 15th.

We will certainly appreciate your rewriting that part of our franchise to include these counties in North Carolina as follows:

Avery, McDowell, Burke, Calwell, Watauga, Ashe, Allegheny, Wilkes, Alexander, Catawba, Iredell, Davie, Yadkin, Surry, Stokes, Forsyth, Davidson, Randolph, Guilford, Rockingham, Chatham, Alamance, Caswell, Person, Orange, Durham and Wake.

These are the counties in the territory we originally requested with the exception of Rowan county. As stated before, we reluctantly give up this county but of course if there is nothing you can do about it, I don't suppose we



should continue to argue about the matter. Nevertheless, I would like to have it understood that should something happen to the Charlotte territory and that plant does not go into operation soon, we most certainly and expect Rowan if another offer is made to another concern and this county becomes available. For the time being we will be satisfied with the exchange of the above counties for those that we own on our original franchise with Sealy.

We are not much in favor with oral or correspondence in regard to this matter and to make ourselves perfectly safe before investing too much money in this territory, most certainly want it added to our present contract so we will be sure where we stand.

[fol. 521E] Therefore, your prompt attention to confirmation will be appreciated.

I am going to High Point tomorrow and unless something happens we will have a stock of merchandise in a warehouse in High Point before October 1st. The Thomas E. Diskerson Distributing Company also has three salesmen and we will equipment them with necessary items to have them on the road offering this merchandise by October 1st.

With kindest regards,

Very truly yours, Sealy Mattress Company, J. L. Metcalfe—Manager.

JLM: MEN

Dictated but not read.



[fol. 522E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 198

September 19, 1949.

Sealy Mattress Company  
Railroad Avenue  
Bluefield, Virginia

Attn: Mr. Jack Metcalfe

Dear Jack:

With further reference to your letters of September 13th and our telephone conversation in regard to the High Point territory in North Carolina, I am in a position to give you definite word that you may go ahead with your plans to work this territory, but I believe that the Sealy Board of Directors would require definite assurance from you that you will place a warehouse in High Point immediately and, within three years, or the expiration of your present contract, that you will place a plant in the High Point territory. This is similar to the situation that developed with Memphis in regard to the Dallas territory wherein their contract required them to place a plant at that point within three years. I feel sure that this same condition will be required on the High Point territory.

Looking at from an economic standpoint, it is evident that you could never obtain the full potentials of the rich High Point area without having plant facilities located within that area. You are trying to serve a larger and more important market from a smaller, distant plant and this seldom works out in the mattress industry. High Point is an important marketing center and there are considerable advantages on the location of a plant, with respect to your present setup.

If you find that upon the expiration of the three year period that it is unwise to establish a plant there, or that there is not sufficient business in the area, then this should

be brought to the attention of the Board of Directors and they will determine whether or not the contract should be renewed. If you find this entirely acceptable to your ideas, please confirm them so that the official approval of the transfer of this territory will be made.

Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL:r

[fol. 523E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 199

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Bluefield, Virginia

Telephone 4621

Railroad Avenue

Post Office Box 432

Mr. J. R. Lawrence  
Sealy, Inc.  
666 Lake Shore Drive  
Chicago, 11, Ill.

May 22, 1950  
1030-A

Dear Roger:

Received your letter of May 15th, and after reading same carefully it seems to me you are leaving the blame on this misunderstanding on someone else. Frankly, I think these things should be written in a new contract so there would be no question in regard to it. I have your letter of September 23rd, in which you stated the counties we would give up and those we would get. This was right in the middle of most of the negotiations, though, and after two or three telephone conversations and all the correspondence from me in regard to the matter, my understanding was we would loose nothing in what we were asking for other then Rowan county. There has never been any contract sent to me including the counties that I have and I hope this will bring one by early May.

It might not make much point to you the importance of this matter which might confuse your records a little but it certainly does take from us two very good accounts who we have been selling for years. As in the past, I suppose I should shut up and take it but I do insist that you give me a certified supplement to my last contract stating the exact counties we are to operate in so we will know for sure what we are to work.

With kindest regards,

Very truly yours, Sealy Mattress Company, J. L.  
Metcalf—Manager.

JLM: MEN

[fol. 524E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 200

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Bluefield, Virginia

Telephone 4621

Railroad Avenue

Post Office Box 432

Mr. J. R. Lawrence  
Sealy, Inc.  
666 Lake Shore Drive  
Chicago, Ill.

May 22, 1950  
1023-A

Dear Roger:

With further reference to your letter of May 15th, I have gotten out my correspondence with reference to the North Carolina territory. To the best I can figure out of it we actually own the following counties in the state of North Carolina: Avery, Burke, Caldwell, Watauga, Ashe, Allegheny, Wilkes, Alexander, Catawba, Iredell, Davie, Yadkin, Surry, Stokes, Forsyth, Davidson, Randolph, Guilford, Rockingham, Chatham, Alamance, Caswell, Person, Orange, Durham and

I gather from your letter of the 15th, we will just forget about the county of McDowell. I do think, though, you should at least check the counties listed above, and if this is not in accordance with the above, please advise immediately. Also, if this is in accordance with your records, we would like to have some supplement to our 1949 contract verifying the fact.

I hope you do not feel we are being to obstinate on this matter but at least we should have a definite understanding so there will be no future misunderstandings such as this kind. I still think there are too damn many things left to a matter of understanding and not put in writing.

With kindest regards,

Very truly yours, Sealy Mattress Company, J. L.  
Metcalf—Manager.

JLM:MEN

[fol. 525E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 201

May 25, 1950

Sealy Mattress Company  
Railroad Avenue  
Bluefield, Virginia

Attn: Mr. J. L. Metcalfe

Dear Jack:

I don't know what more you want in the way of a territory outline than that contained in my letter of September 23, 1949. I could have you an engraved scroll made but I don't think it would make you any happier because I could not include counties that were not listed in my letter of September 23rd. I am not trying to minimize the importance of territory to you, but you remind me of the guy who swapped a one dollar bill for a five and then hollered because the five dollar bill was not brand new.

If you will refer to your letter of May 22nd, file No. 1023-A, I will confirm the counties listed in the first paragraph of your letter with the exception of McDowell and Wake. McDowell county is in the Charlotte territory and Wake county is being serviced by Richmond. If you can talk Sidney Sutherland out of Wake county, it is all right with me.

For the sake of the record, your territory in North Carolina consists of the following counties: Avery, Burke, Caldwell, Watauga, Ashe, Allegheny, Wilkes, Alexander, Catawba, Iredell, Davie, Yadkin, Surry, Stokes, Forsyth, Davidson, Randolph, Guilford, Rockingham, Chatham, Almance, Caswell, Person, Orange and Durham.

What you don't know is that Charlotte squawked like hell when they didn't get the area around High Point. What do you want—egg in your beer?

Yours very truly, Sealy Incorporated, J. R. Lawrence.

JRL:r



[fol. 526E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 202

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Schenectady 1, New York

Telephones 4-3106 4-3107

Broadway and Weaver Street

Mr. J. R. Lawrence

July 22nd, 1949.

Sealy, Inc.

666 Lake Shore Drive

Chicago, Illinois

Dear Roger:

I was very sorry that I didn't have more time to talk with you in New York, as there were several things I wanted to go over with you, but you can readily see how impossible it is to do much visiting in such a small, congested area with the semblance of a madhouse.

One important thing I wanted to discuss with you was the Vermont territory. When I took over the state of Vermont, Mr. Weiner approached me and asked me to allow him to continue to sell in Brattleboro in order to avoid what for him might be an embarrassing situation. It seems that there are five LeMay furniture stores located in Massachusetts, New Hampshire and Vermont, and he gave me to understand that he was selling all of them, and that if one of them were turned over to another Sealy plant, it might upset the entire deal. I went along with him and allowed him to continue selling LeMay in Brattleboro, despite the fact that my salesman objected, as it broke up his route, and also because Vermont is such a small state that Brattleboro is important.

I now find that the situation was not as represented and that the three LeMay stores in Massachusetts never belonged to the Boston territory and were never serviced by the Boston plant with Sealy merchandise. Also, I learned that the LeMay stores operate as individual units, that the managers can buy where they please and that one has nothing to do with the others as far as buying is concerned. Since this lent an entirely different aspect to the situation, I notified Mr. Weiner several weeks ago that we were going to handle Brattleboro ourselves, and in the

meantime, have called in the town on a couple of trips. It seems that the Brattleboro manager for LeMay came into the New York space, and after talking with Mr. Weiner, placed an order with him, despite the fact that this store [fol. 527E] has been solicited by our salesman. I spoke to Mr. Weiner about this, and he informs me that Brattleboro belongs to his territory, that Brattleboro is included in his contract and that he has no intention of giving up Brattleboro.

Mr. Weiner also tells me that he has spent a lot of money on this store and we have informed him that as far as we are concerned, there are two other fine stores in town and that if LeMay wants to buy his private brand and give up Sealy, it is alright with us.

There seems to be a difference of opinion as to where Brattleboro belongs. If you recall, I told you at the time of my arrangement with Mr. Weiner and you told me it was none of Sealy's concern, but that it was in the nature of an agreement between Mr. Weiner and myself, and that if I wanted to allow it, it was alright with Sealy, but that Vermont was ours entirely. Is it true that Brattleboro is included both in my contract and in Boston's? I would like to be very definite about this point, as I don't like to think that the relatively unimportant town of Brattleboro was given to both of us, and will become a Thermopolae to a couple of us Greeks.

If, as I understand it, Brattleboro belongs to the Schenectady territory (and if it doesn't I am quite amazed at the arrangement), I should like you to inform Mr. Weiner that this condition exists and that the sale and delivery of any Sealy merchandise by any of his representatives or by his plant represents an infringement of his contract and is subject to the specified penalties.

I would also appreciate your writing me on this at your earliest convenience, as we are now doing a good job in Vermont and want to go ahead and complete our plans in the state.

With kindest regards, I am,

Very truly yours, Sealy Mattress Company, M. H. Yulman.

MHY:mm

CC: Mr. E. H. Bergmann.

[fol. 528E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 203

July 26, 1949.

Sealy Mattress Company,  
722 Broadway,  
Schenectady 1, N.Y.

Attn: Mr. M.H. Yulman

Dear Mike:

I am sorry I didn't get an opportunity to sit down and have a few words with you away from the mad-house of the New York Market. I will agree with you that in the tiny space we have there it is most difficult to try to carry on any kind of conversation. I am hoping that we can do something towards obtaining a larger space before too long.

I had to leave Wednesday to go down to Philadelphia to see the McMahon people. I had hoped that they would be at the show, but when I found out that they were not coming up I immediately went to Philadelphia as I have a very ambitious selling job at that particular point. I am glad to say that I was received very well and the prospects of signing McMahon look very good indeed. I will know definitely in September.

I am sorry that the discussion of Brattleboro, Vermont comes up for it brings to light the fact that this office made an error in assigning the territories in your contract, and also in the Allston contract. I remember how this first came up when we discussed the territory with the Waterbury plant. I proposed to Allston that they surrender the state of Vermont and in turn I would give them the counties in Eastern Massachusetts that were taken back from the Fall River plant. Mr. Weiner agreed to this with the exception that he requested to continue to serve the city of Brattleboro. I don't remember the full details of why he wanted to retain this city, but I do remember that his argument sounded very logical at the time.

I believe when I wrote you that we were adding the Vermont territory to your contract, that we were doing so with the exception of Brattleboro. I note that your contract

calls for the entire state of Vermont, and this is an error on our part. When we renewed Allston's contract the first of May of this year we eliminated Vermont from his territory holdings with the exception of Brattleboro, so it is definitely in his contract.

Mike, with the risk of having you angry at me, I am going to tell you that in my opinion you should let the Brattleboro situation remain as it is. I do not see where it is of such great importance to you, although it may be [fol. 529E] a point of contention with your salesman. Weiner has been selling this account for sometime and apparently is on very good terms with them. As I understand, it is right next to the state line of New Hampshire and is on the route served by one of his salesmen. I had agreed to leave this town in his territory and this desire of yours to move him out proves rather embarrassing to me. Remember, Allston surrendered this state to Sealy so that it could be put into your contract. The counties that they received in Massachusetts did not have as much buying power as the territory they surrendered. I do not believe you gave up any territory and that the addition of the Vermont territory was given to you as we felt that it rightfully belonged to your service area.

Perhaps when I see you in September at the Executive Committee meeting, we will have a chance to discuss this more fully than we can do by correspondence. I think you should not interfere with the setup of Brattleboro at this time.

Best regards.

Yours very truly, Sealy, Incorporated, J. R. Lawrence.

if

cc: Bergmann.



[fol.530E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 204

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Schenectady 1, New York  
Telephones 4-3106 4-3107  
Broadway and Weaver Street

July 29th, 1949.

Mr. J. R. Lawrence

Sealy, Inc:

666 Lake Shore Drive

Chicago, Illinois

Dear Roger:

I have your letter of July 26th, relative to Brattleboro, and regret to find that this embarrasses Sealy in any way. However, since it does, and since I have all the facts, I don't see how it could be of any help to any of us to try to split it open any wider.

Since this territory was apparently assigned to both Allston and ourselves, and since Allston has been servicing the town regularly, we will, of course, bow out rather than confuse the issue any further. I will simply inform my salesman that at present, territory doesn't belong to us. As for its importance to us, that is an entirely different matter, as it cuts a large corner from the state of Vermont and makes it unprofitable to travel the eastern part of Vermont. As for the reasoning that it is next to the state line of New Hampshire, by the same token, the state line of New Hampshire is right next to the eastern part of Vermont.

Therefore, we will leave the situation in the status quo, and will discuss it at some other time.

With best wishes, I am,

Very truly yours, Sealy Mattress Company, M. H. Yulman,

MHY:mmm

cc: Mr. Earl H. Bergmann, Mr. Israel Weiner



[fol. 531E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 205

SEALY MATTRESS COMPANY  
Chicago 22, Illinois  
Phone: Michigan 2-2050  
903-933 North Halsted Street

August 3, 1949.

Mr. J. R. Lawrence  
Sealy, Inc.  
666 Lake Shore Drive  
Chicago 11, Illinois

Dear Roger:

To keep you posted with reference to the counties in northwestern Wisconsin that St. Paul requested, we have made a major change in our representation in the territory this Market. As soon as Harry Newett has an opportunity to explore the area, will report to you with reference to whether we wish to work these counties or not.

For your information, these counties are:

Ashland  
Sawyer  
Rusk  
Chippewa  
Eau Claire  
Jackson  
LaCrosse

Very truly yours, Sealy Mattress Company, Morris  
A. Kaplan.

MAK:mk

cc: C.B. McGillivray, H.J. Newett.

[fol. 532E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 206

September 26, 1949.

Sealy Mattress Company  
903 N. Halsted Street  
Chicago, Illinois

Attn: Mr. Morris A. Kaplan

Dear Morry:

I am still holding your letter of August 3rd in regard to the following counties in the state of Wisconsin:

Ashland  
Sawyer  
Rusk  
Chippewa  
Eau Claire  
Jackson  
LaCrosse.

If you have arrived at any definite conclusion regarding these counties, I will appreciate hearing from you.

Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL:r

[fol. 533E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 208

August 19, 1949.

American Bedding Company, Inc.  
200 West Tremont Avenue  
Charlotte, North Carolina

Attn: Mr. Armstrong and Mr. Carpenter

Gentlemen:

I am writing you as you represent the sales efforts of the American Bedding Company in relationship to the possibility of a Sealy franchise for the area. Upon my return to the office, I went over the territory we discussed and find that there is a possibility of re-allocating the territory so that you may service the Asheville, North Carolina area. If you will take a map and outline the following territory, you can see how this would enter into your service abilities.

In the state of North Carolina, all counties south of and including the following line of counties: Madison, Buncombe, Rutherford, Cleveland, Lincoln, Mecklenburg, Cabarrus, Stanley, Montgomery, Moore, Lee, Harnett, Johnston, Wilson, Green, Lenoir, Craven and Carteret. In the state of South Carolina, all counties north of and including the following counties: Spartanburg, Union, Fairfield, Kershaw, Sumter, Clarendon, Williamsburg and Georgetown.

This is somewhat of a revision as it would eliminate the High Point and Raleigh area from service out of Charlotte. However, I do not believe that these areas are of too much importance to your operations. The only towns that seem to be somewhat in question would possibly be Statesville and Salisbury in North Carolina. Of course, the addition of the Asheville area would mean a larger potential for that part of the state and it seems to tie in well with the Spartanburg, North Carolina area.

I wish you would look this over carefully and let me hear

from you as I am trying to establish a reasonable sales area for your operations. While I have not as yet had an opportunity to obtain the feelings of the Board in this matter, I feel sure that your company has a good chance [fol. 534E] of obtaining the Sealy franchise for the Charlotte area.

Meanwhile, I would appreciate it if you will have Mr. Jones follow up with his auditor and be sure that we receive a current statement of the business.

Yours very truly, Sealy, Incorporated J. R. Lawrence.

JRL:r

[fol. 535E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 209

September 9, 1949.

American Bedding Company  
200 West Tremont Avenue  
Charlotte, North Carolina

Attn: Mr. C. E. Jones

Dear Mr. Jones:

• • • • •

We are prepared to offer you the following territory. Counties in North Carolina—Cherokee, Graham, Clay, Swain, Macon, Jackson, Haywood, Transylvania, Madison, Buncombe, Henderson, Yancey, McDowell, Mitchell, Rutherford, Polk, Cleveland, Lincoln, Gaston, Mecklenburg, Rowan, Cabarrus, Stanly, Union, Anson, Montgomery, Richmond, Moore, Scotland, Hoke, Roberson, Lee, Harnett, [fol. 536E] Cumberland, Sampson, Bladen, Ponder, Columbus, Brunswick and New Hanover. Also, the following counties in the state of South Carolina—Spartanburg, Cherokee, Union, York, Chester, Fairfield, Lancaster, Kershaw, Chesterfield, Darlington, Lee, Sumpter, Clarendon, Marlboro, Florence, Williamsburg, Billon, Marian, Georgetown and Horry.

• • • • •

If these arrangements meet with your approval, I suggest you let me know immediately so that a formal contract may be prepared. We can send our engineer, Mr. E. J. Guckert, to your plant, in order that you may be fully familiar with the methods and merchandise to be manufactured under Sealy specifications. According to the itinerary of our sales manager, Mr. J. F. Zarish, he can be at your plant on October 27th and 28th to go over the merchandising and advertising aids of Sealy, Incorporated.

Yours very truly, Sealy, Incorporated J. R. Lawrence.

JRL:r



[fol. 537E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 210

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Charlotte, North Carolina

Telephone 2-5007

200 West Tremont Street

December 20, 1949.

Dear Sir;

Firstly, I would like to personally thank you for coming to our aid when we needed you most. Your recent visit has rectified just what we had hoped it would and now we are proud of the products of the Charlotte plant with Sealy's name on it.—Thanks.

The reason I am directing the next portion of this letter to you rather than the Sealy office is because you understand the happenings in the territory I am about to mention. While you were here you saw and heard first hand complaints from this territory and you also saw the job we are doing with our regular line there. The territory I am speaking of is the upper counties of South Carolina: Greenville, pickens, Oconne, Anderson, Abbeville, Greenwood, Laurens, Newberry, Saluda, Lexington, and Richland. Especially am I concerned about the cities of Greenville and Columbia. Sealy does not have a regular account in these two very important cities at the present but in the past have been fairly strong. We have four of the largest accounts in these towns with our regular line. (Haverty's, Maxwell Bros., National Mnfg. & Stores Inc., and Rustins) These are all large chain stores and have stores that are in our present territory and I add proudly that we sell every one the complete Sealy line. You remember the Maxwell Bros. party and how they reacted to Sealy, well, they have stores in both towns.

Now I come to the point—Sealy is not doing any business in most of those counties anyway and we have been assured that if these counties were included in our setup we could sell the above stores Sealy with our regular line.

[fol. 538E] Because you are so familiar with these facts I am asking you to present these facts to the Sealy Inc. officers and I am sure they will see that the Charlotte plant should be granted a trail of the asked.

Yours very truly, Sealy Mattress Company, Graham  
Armstrong.

P.S. Hoping to hear from you about the car real soon.

[fol. 539E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 211

January 13, 1950.

Sealy Mattress Company  
200 West Tremont Street  
Charlotte, North Carolina  
Attn: Mr. Graham Armstrong

Dear Graham:

This letter is in reply to your letter of December 20th, addressed to the attention of Mr. E. J. Guckert. This letter has reference to the territory in South Carolina. Earl was in Chicago the other day and turned the letter over to Mr. Bergmann and myself inasmuch as the handling of territory does rest entirely with this office.

I understand fully your situation in regard to the counties mentioned in your letter, but I would like to suggest that you let this ride along until at least June 30, 1950. There are certain things in the process of revision and these changes may solve this situation entirely. At the present time, it is not a matter that can be discussed with any certainty.

Joe Zarish will be at the High Point market on January 23rd and there is a possibility that I will be there on Monday and Tuesday of the first week. Possibly I will have an opportunity to discuss this fully with you at that time.

Yours very truly, Sealy, Incorporated J. R. Lawrence.

JRL:r

[fol. 540E] . IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 214

August 24, 1949

Sealy Mattress Company  
8 S. Harvie Street  
Richmond, Virginia

Attn: Mr. Sidney Sutherland

Dear Sidney:

If my information is correct, you are not doing much of a Sealy sales job in the city of Norfolk, Virginia, as well as the area around Norfolk. I seriously doubt that you are doing much business in the eastern part of the state of North Carolina.

I am writing you to see whether or not you would consider surrendering the Norfolk, Virginia area and the eastern North Carolina area back to Seal, Incorporated so that we may establish a licensee who will obtain the potentials of that area.

To be frank with you, the prospect I have in mind is the Cotton Belt Mattress Company, Pine Tops, North Carolina. I think I wrote you regarding these people once before. They seem to be doing an aggressive job although they have been handicapped by not having a brand name.

I want you to look this matter over very carefully and give me your frank and honest appraisal of the situation. Please do this promptly as it is a matter I cannot dilly-dally over for any period of time.

Best personal regards,

Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL:r

[fol. 541E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 216

Sealy Mattress Company  
8 S. Harvie Street  
Richmond, Virginia

Dictated September 3, 1949  
September 7, 1949

Attn: Mr. Sidney Sutherland

Dear Sidney:

I want to acknowledge receipt of your letter of August 31st and I have carefully read what you say regarding the territory and the thoughts and wishes of Jack Metcalfe in regard to his locating a factory, possibly at High Point, North Carolina.

I am going to forward your letter to Roger Lawrence in Chicago and he and I will discuss the matter between us after he has had a chance to digest it but frankly, I am not inclined to give up Norfolk for a trade for Washington because it is my honest belief that Norfolk actually belongs to Richmond and is in the normal and natural trading area of Richmond and if anybody can do a good job there, it should be you. It seems a little farfetched to me to have to go down to Pine Top, North Carolina in order to get a plant to do a decent job in Norfolk.

I certainly would want to give considerable thought to the accommodation of the city of Washington or the District of Columbia to your contract because it is my thought that Washington naturally belongs in the Baltimore territory. I would want to study that matter carefully before I would assign Washington to Richmond or any other territory because I hope someday we will be able to have someone handle the Baltimore and Washington territory as well as another plant in Philadelphia.

Just as soon as we have had a chance to study this letter of yours further and we find out what success we have in working out something definite with our proposed licensee in Charlotte, North Carolina and the natural division of the territory between that proposed plant and Jack Metcalfe, I will advise you.

Very truly yours, Sealy Incorporated, E. H. Bergmann.

EHB:r



[fol: 42E] IN UNITED STATES DISTRICT COURT  
GOVERNMENT'S EXHIBIT No. 217

September 9, 1949

Sealy Mattress Company  
8 S. Harvie Street  
Richmond, Virginia

Attn: Mr. Sidney Sutherland

Dear Sidney:

Earl and I have discussed the subject of your letter of August 31st in regard to the surrendering of the Norfolk and eastern North Carolina territory in exchange for the Washington, D. C. territory and frankly, I do not believe it would be for your benefit or for the benefit of Sealy, Incorporated to make such a deal.

Our thinking is that you should make every effort to exploit the Norfolk and eastern North Carolina market and go in there fully determined to obtain your share of the business. This area falls within your natural trade area and it does not appear beneficial to abandon such an area for a distant market.

As far as Sealy, Incorporated is concerned, we will discontinue, for the present time, the idea of franchising territory to the Cotton Belt Manufacturing Company. This will leave the way open to give full consideration to the request of Jack Metcalfe for some of the north central section of North Carolina, which includes the High Point area.

Appreciating your prompt consideration and thoughtfulness in handling this matter and assuring you of our continued support, we are

Yours very truly, Sealy, Incorporated, J. R. Lawrence

JRL:r

[fol. 543E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 218

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Richmond 20, Virginia

Telephone 6-4371

8 South Harvie Street

September 13, 1949.

Mr. Roger Lawrence  
Sealy, Incorporated  
666 Lake Shore Drive  
Chicago, Illinois

Dear Roger:

I acknowledge with thanks your communication of September 9th which is in answer to my communication to you and Earl under date of August 31st.

I understand that Earl is on his vacation so I am writing to you and sending a copy of this letter to Earl in Cleveland.

I agree with both you and Earl that some one in Washington, D.C. and Baltimore, Maryland could do the best job on Sealy as these two towns are certainly linked together geographically. My only reason for suggesting that Washington be swapped to me was to work with Sealy so that if Sealy desired a plant in North Carolina, I wanted you to know that it was my intention to cooperate with Sealy at all times.

I further agree with you that Norfolk, Portsmouth and Newport News, Virginia are geographically bound to Richmond but I think both you and Earl know the mattress business well enough to know that you can not do a great deal of business against local competition unless you are in a position to give local service. I am beginning to find this out and I realize that something must be done in order to secure business in this area. That is why I made the connec-

tion at Goldsboro, N.C. when the opportunity presented itself. Our business has picked up in eastern North Carolina and I believe that it will continue to do so.

I am using every effort possible to make connections to get local service in Norfolk, Portsmouth and Newport News, area. I do not know just when I can make the final arrangements but I am leaving no stones unturned trying to make the proper arrangements.

[fol. 544E] I note that you state that the arrangements in Goldsboro will not be distrubed, I believe that this arrangement at Goldsboro and any arrangement that Jack Metcalfe may make in the other part of North Carolina, that between the two of us we can certainly secure worthwhile business and serve North Carolina as it should be served.

I would be delighted to hear from you at any time, with kindest personal regards, I remain,

Sincerely, Sidney.

SS/mo

[fol. 545E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 219

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Richmond 20, Virginia

Telephone 6-4371

8 South Harvie Street

August 31, 1949.

Mr. Earl Bergmann  
Sealy Mattress Company  
2841 E. 37th Street  
Cleveland, Ohio

Dear Earl:

I have given very serious thought to the matter of Roger's letter of August 24th regarding Norfolk, Virginia and eastern North Carolina territory.

If you will recall in my original contract I had allotted to me some few counties in northeastern North Carolina. The Cotton Belt Mattress Company, Pine Top, N. C. is in Edgecomb county, which is one of the counties originally allotted to me.

In the additional North Carolina territory, allotted to me on a temporary basis, is Goldsboro, N. C. in which city we have established a distributor with warehouse facilities as of July 1, 1949. We have just sent him some merchandise and he is now beginning to do some business. I believe he will eventually do very good as the man is an experienced mattress man. He was warehouse manager for the Simmons Company for about six years. This was before going into business for himself.

In reference to Norfolk, Virginia it is my plans to either establish a warehouse or a distributor at Norfolk just as soon as it is possible for me to do so. The Cotton Belt Mattress Company is as far away from Norfolk, Virginia as is

Richmond, so putting a factory at Pine Top, N. C., in my opinion, would not help the Norfolk, Virginia situation.

Jack Metcalfe of Bluefield, Virginia is interested in putting a factory in North Carolina territory, perhaps at High Point, North Carolina. It appears that Jack has done a good job for Sealy, Inc. and if a plant is to be established in North Carolina I would think Jack Metcalfe would be the proper party to first consider.

[fol. 546E] I have discussed this matter with Jack and his thoughts on the matter is, to give him the central part of North Carolina and the territory in eastern North Carolina which was allotted to me on a temporary basis. I believe Jack can continue to do a good job for Sealy, Inc.

I have studied closely the "Sealy Territorial Variations" sent out from Chicago office covering the period July 1, 1948 to June 30, 1949. You will note that you have 28 factory points listed. In the column percentage of United States Potential, Richmond is in 27th position on the list. This means that Richmond has the next to the last smallest population territory in the United States.

In the matter of percentages of actual annual sales performance, Richmond is in 12th position or a total percentage of 116% or 16% over and above the expected 100%. This is not as good as I would like it to be, nor is it as good as I expect it to be, but I certainly do not consider it bad.

I believe that you think I have the interest of Sealy, Inc. at heart and I want to see Sealy, Inc. grow. I am increasing my output and I am putting in some new machinery. I expect to have the S & G vertical border machine working by September 10th (the S & G Company has promised to put the machine on a truck and bring it to Richmond and install the machine on September 6th or 7th).

I spoke on the telephone to you about Washington, D. C. If you can get the firm you mentioned in Philadelphia interested in Sealy, Inc. then why not give the Philadelphia factory Baltimore and most of the Maryland territory, then give the District of Columbia and the adjacent counties to Richmond. If Sealy, Inc. would do this then I would be willing to give up my original eastern North Carolina territory and Norfolk and Portsmouth, Virginia territories.



I think the territory that I would surrender back to Sealy, Inc. would about equal, in population, the population of the District of Columbia and the adjacent counties that Sealy, Inc. would give me in the new contract.

As stated before I have the interest of Sealy, Inc. at heart and I am willing to work with Sealy, Inc. in every way possible, but I can not reduce the size, in population, of my present original territory and expect to keep up my sales or do any expanding.

If a new contract is made with me changing my territory to include Washington, D. C., which is only 100 miles from Richmond, I would put a warehouse in Washington or find a good distributor in Washington.

[fol. 547E] Let me have your thoughts in this matter. Jas as an example of what I am trying to do, my sales for August will be very close to \$25,000.000.

With kindest personal regards, I remain as ever,

Sincerely, Sidney Sutherland.

ss/mo

[fol. 548E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 220

September 9, 1949.

Sealy Mattress Company  
Railroad Avenue  
Bluefield, Virginia

Attn: Mr. J. L. Metcalfe

Dear Jack:

We have heard from Mr. Sutherland of Richmond in regard to his situation in the northeastern corner of North Carolina, and from all indications it appears wise for him to keep the territory he has under franchise and for Sealy, Incorporated to forget the idea of franchising another factory in that area. This clears the track to work out your desires for territory in the north central portion of North Carolina.

• • • • •  
[fol. 549E] Yours very truly, Sealy, Incorporated, J. R.  
Lawrence.

JRL:r

[fol. 550E] IN UNITED STATES DISTRICT COURT

## GOVERNMENT'S EXHIBIT No. 221

Sealy Mattress Company  
Railroad Avenue  
Bluefield, Virginia  
Attn: Mr. J. L. Metcalfe

September 23, 1949.

Dear Jack:

I don't suppose I have to tell you how much better you came out in surrendering certain counties in North Carolina and acquiring other counties in the north central portion of North Carolina, but if you want the actual record on it, it is as follows.

You gave up the following counties that went into the Charlotte territory. Mitchell, Yancey, McDowell, Polk, Henderson, Buncombe, Madison, Heywood, Transylvania, Jackson, Swain, Macon, Clay, Graham and Cherokee. The combined buying potential, based on percentage of the United States for these counties, amounts to .1765.

You acquired the following counties in North Carolina: Iredell, Davis, Forsyth, Davidson, Rockingham, Guildford, Randolph, Caswell, Alamance, Chatham, Person, Orange and Durham. The combined buying potential, based on the same percentage as above, is .6691.

While these combined figures do not appear to be large, I can assure you that it represents many thousands of dollars of buying potential. For instance, on the survey of territory that we mailed out in July, we showed the Bluefield territory as owning 1.227 percent of the United States potential. This figure is now revised to 1.719. On the same sheet we showed Charlotte as owning 1.789 of the United States potential which is now reduced to 1.297.

Personally, I think this is a very good move for you and one that will have more benefits in the future than is apparent at the present time. Naturally, we in Sealy expect that your sales will show an increase and that you will cover this new territory as well as you have your old territory.

Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL:r

[fol. 551E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 222

September 27, 1949.

Sealy Mattress Company  
Railroad Avenue  
Bluefield, Virginia

Attn: Mr. J. L. Metcalfe

Dear Jack:

We had a visit the other day from Mr. Armstrong and Mr. Jones of the American Bedding Company of Charlotte, North Carolina. They have signed a Sealy contract, effective October 1st, for the area in southern North Carolina and the northern part of South Carolina. Needless to say, there was a lot of pressure about the High Point area.

The next time you are down that way, I would appreciate it if you would pay a call on Mr. Armstrong of the Charlotte plant, in order to establish a working agreement for fringe accounts that will appear on the borderline between the two territories. Also, there will be some working agreement necessary on a group of chain stores that have stores in each area. It will be a good neighbor gesture on your part and will help the Charlotte boys to get started in the Sealy organization. I know you can be of help to them.

The Executive Committee of Sealy meets this week and will take up the matter of the approval of the territory outlined in my recent letter to you.

Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL:r

[fol. 552E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 223

October 10, 1949.

Sealy Mattress Company  
Railroad Avenue  
Bluefield, Virginia

Attn: Mr. J. L. Metcalfe

Dear Jack:

I am glad to let you know that the Executive Committee met last week and approved the transfer of the North Carolina territory as outlined in my previous letter.

I am today sending the signed contract for the High Point, North Carolina market space to Mr. Casey of the Southern Exposition Furniture Building.

If you should have a meeting with the Charlotte people I would appreciate your letting me know your reactions and also how matters are working out.

Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL:r



[fol. 553E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 224

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Bluefield, Virginia  
Telephone 4621  
Railroad Avenue  
Post Office Box 432

May 11, 1950  
1977-A

Mr. J. R. Lawrence  
Sealy, Inc.  
666 Lake Shore Drive  
Chicago, 11, Ill.

Dear Roger:

It seems there is some mixup as to exactly where our line ends in western North Carolina. It seems both Charlotte and us have been working the city of Marion, North Carolina, which is in McDowell County. By coincidence we have both been selling merchandise there but to different firms. Our salesman, though, on his last trip there discovered this and followed through on it and reported back to me about it. Immediately upon receiving this information I contacted the Charlotte plant and reminded them that McDowell County was in our territory.

In reply to this, I am advised by Graham Armstrong that McDowell County is in their contract. Now it seems both of us claim McDowell County. In making the exchange for that portion of eastern North Carolina that we wanted for that portion of North Carolina that we were giving up, we will refer you to our several letters last fall. In none of our correspondence was there ever any question over McDowell County. I trust you will recall we did have quite a discussion over Rowan County, in which the city of Salisbury is

located, but we finally gave up the idea and you completed your business with Charlotte accordingly.

By our letter of August 13th, #2335-A we listed the counties that were in our old contract, and also, listed the new counties that we wanted in the exchange of territory. In your letters immediately following you stated definitely that you could not give us Rowan County but the rest of it would be considered. On October 10, 1949, we received a letter in which you stated the Executive Committee had approved the transfer of the North Carolina territory as outlined in previous letters.

Now please advise who actually owns the county of McDowell.

[fol. 554E] With kindest regards,

Very truly yours, Sealy Mattress Company, J. L.  
Metcalf—Manager.

JLM:MEN

[fol. 555E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 225

May 15, 1950.

Sealy Mattress Company  
Railroad Avenue  
Bluefield, Virginia

Attn: Mr. J. L. Metcalfe

Dear Jack:

Just when I think I have matters straightened out in the southeastern section of the country you come up with another situation in regard to territory. Our file shows that we began dickering about territory in North Carolina in July, 1949 and there are numerous pieces of correspondence between you and the writer regarding the territory you wanted and what Sealy, Incorporated was willing to add to your contract. Needless to say, you did obtain a very good deal even though you did not get all the counties that you asked for.

In regard to McDowell county in North Carolina, this county was under discussion regarding the area you should give up in return for the territory centered around High Point. I do not remember exactly how this matter was concluded, but my letter to you, dated September 23, 1949, stated the action of the Board of Directors in approving the transfer of additional territory to you. In that letter I stated as follows: "You gave up the following counties that went into the Charlotte territory—Mitchell, Yancey, McDowell, Port, Henderson, Buncombe, Madison, Heywood, Transylvania, Jackson, Swain, Macon, Clay, Graham and Cherokee. You acquired the following counties in North Carolina—Iredell, Davies, Forsyth, Davidson, Rockingham, Gilford, Randolph, Caswell, Alamance, Chatham, Pierson, Orange and Durham."

In this same letter I pointed out to you that, based upon the combined buying potential of these counties, you gave

up counties that had only a .1765% of the U. S. buying power whereas you obtained counties that had a combined percentage of .6691%. While these percentage figures may not seem large to you, they just about double the potential you had under your original Bluefield contract.

In keeping with the agreement, we assigned McDowell [fol. 556E] county to Charlotte, and we will have to request that you withdraw Sealy representation in that county. I can see no point in getting into a controversy over this matter as it is not important enough to confuse the records.

Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL:r

[fol. 557E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 226

September 20, 1949.

Sealy Mattress Company  
P. O. Box 350  
East Point, Georgia

Attn: Mr. Lawrence Zimmerman

Dear Lawrence:

This is to let you know that we have definitely committed the North Carolina and northern part of South Carolina territory to the American Bedding Company of Charlotte, North Carolina. The proposed contract is to go into effect October 1, 1949, and will, of course, be subject to the approval of the Sealy Board of Directors.

Sometime in the past year, we gave you temporary permission to sell in the Charlotte area and the counties located in the northern section of South Carolina. This is notice that you should withdraw your representation and liquidate any Sealy stock you may be holding in warehouses in that section. This setup does not affect the counties in the southern part of South Carolina which are in your regular contract.

We believe that this move is a good one for Sealy, Incorporated and that Sealy will obtain the representation in that area to which they are entitled. The American Bedding Company has good manufacturing facilities and, with the proper training of their sales force, there is no reason why Sealy should not be well represented in bedding sales in and around the Charlotte area.

Best regards.

Yours very truly, Sealy, Incorporated, J. B. Lawrence.

JRL:r



[fol. 558E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 227

September 20, 1949.

Sealy Mattress Company  
3 S. Harvie Street  
Richmond, Virginia

Attn: Mr. Sidney Sutherland

Dear Sidney:

We have made arrangements with the American Bedding Company of Charlotte, North Carolina to service the Charlotte area and we have given Mr. J. L. Metcalfe of the Bluefield plant permission to service the High Point area in North Carolina.

This brings to mind that sometime during the past year Sealy, Incorporated gave you temporary permission to service additional counties in North Carolina. In view of the fact that the new arrangements go into effect on October 1st, we will have to ask you to withdraw from the following counties: Parson, Orange, Durham, Wake, Lee, Chatham, Harnett, Sampson, Cumberland, Bladen, Columbus, Pender, Brunswick and New Hanover.

As soon as the signed contracts are in the office, it means that the following counties in North Carolina can be added to your regular contract: Granville, Franklin, Wilson, Johnston, Wayne, Greene, Lenoir, Duplin, Craven, Jones, Caslow and Cartaret.

This arrangement should enable you to keep your jobbing representation at Goldsboro, North Carolina. If you are able to complete your arrangements with the jobber in Norfolk, you should have good coverage of your territory. Please notify your jobber at Goldsboro not to go across the county lines of Harnett, Sampson, and Pender inasmuch as this is in the Charlotte franchise, beginning October 1st.

Best wishes.

Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL:r

[fol. 559E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 228

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

East Point, Georgia  
Telephone Calhoun 2121  
100-114 East Forrest Avenue  
Post Office Box 350

November 18, 1949

Mr. J. R. Lawrence,  
Sealy, Incorporated,  
666 Lake Shore Drive,  
Chicago 11, Ill.

Dear Roger:

When you and Earl Bergmann made an appointment to meet with me relative to our contract with Sealy, there were several things which I wanted to discuss with both of you. One of the items is three counties in South Carolina that is now the Charlotte territory. When you were unable to make this conference with Earl and me I thought surely I would be able to contact you sometime Wednesday morning as I was leaving Wednesday afternoon on the 2:30 plane. Unfortunately, I was not able to get in touch with you.

We are establishing a warehouse in Charleston on January 1. We intend serving territory up to but not including Columbia from this warehouse. The following three counties are on the coast and according to my information are being served by other manufacturers from their Charleston warehouse. According to the information I have been able to gather, it would be very difficult to serve these counties out of the Charlotte plant because of bad freight connections and freight cost. The man who is to operate out of our warehouse formerly worked for Southern Spring Bed and he has three or four accounts in these counties which he feels would give him a fair amount of their volume if they

could get the one day delivery which is available out of Charleston. For these reasons, we are listing below the three counties which we would like to have Charlotte and Sealy authorize us to include in our territory.

Horry  
Williamsburg  
Georgetown

[fol. 560E] I realize that the handling of this matter will be far more difficult by mail than if we could have discussed it in person. Since it did not work out that way, we would certainly appreciate your looking at the map yourself and then contacting Charlotte so that you can advise us immediately in order that we may make our plans accordingly.

Yours very truly, Sealy Mattress Company, Lawrence J. Zimmerman.

LJZ:hh

[fol. 561E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 229

November 22, 1949.

Sealy Mattress Company  
P. O. Box 350  
East Point, Georgia

Attn: Mr. Lawrence Zimmerman

Dear Lawrence:

I have your letter of November 18th in regard to the counties of Horry, Williamsburg and Georgetown in the state of South Carolina. I am indeed sorry that I did not have an opportunity to discuss this with you at the time that the matter was taken up with Earl Bergmann. He did tell me of his conversation with you and requested that I try to work the matter out to everyone's satisfaction.

On October 1st we issued a contract to the Charlotte plant and the territory allotted to them did contain the counties in question. Since their operations have only recently begun, I think it would be very difficult to write to Charlotte and ask them to surrender back three counties before they have even had time to set up a sales plan. The subject of territory is a rather touchy one at the present time for we did some operation on the northern part of the territory in North Carolina and gave a large number of the counties to Jack Metcalfe so that he could establish his plant in High Point, North Carolina. For me to write them at this time and ask for three additional counties would just about put the Charlotte plant on the rocks as far as their plans for cooperation with Sealy are concerned.

What I would like to suggest is that you call Mr. Graham Armstrong of the Charlotte plant and make a deal with him whereby you may work these counties on a temporary basis or until such time as he may obtain enough experience with the territory to determine whether or not he would be willing to surrender these counties to you. It may be that he is

willing to do it at the present time, but I honestly feel that the approach would be better from you rather than have Sealy, Incorporated hack away at them again. As the matter now stands, Sealy, Incorporated does not have the [fol. 562E] authority to hand this territory over to you and it would have to be surrendered back to us before it could be placed under your handling.

If you do not wish to make the approach directly, let me know and I will write to Charlotte (with my fingers crossed).

Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL:r



[fol. 563E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 230

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Memphis 2, Tennessee

Telephone 35-1631

1047 Florida Street

November 22, 1949.

Sealy, Incorporated  
666 Lake Shore Drive  
Chicago 11, Illinois

Attn: Mr. J. R. Lawrence

Dear Roger:

You requested information from me and from Marcus as to the counties that we anticipated continuing to work in Kentucky, and I am herewith attaching such list.

In addition to the above, we anticipate continuing to work the town of Evansville in Indiana.

If there is anything about this you do not understand or any further discussions you desire, I, of course, should be pleased to hear from you, but as the matter now stands we will be willing to surrender everything in Kentucky other than the counties as indicated on this list and the town of Evansville, Indiana.

Kind regards,

Sincerely, Sealy Mattress Company, Louis G. Haas.

LGH/b

[fol. 564E] Counties to be Served by the Sealy Company  
of the Southeast, Memphis, Tennessee

Allen

Ballard

Barren

Butler

Caldwell

Carlisle

Christian

Crittenden

Daviess

Dexter

Edmonson

Fulton

Graves

Grayson

Hardin

Hart

Henderson

Hickman

Hopkins

Larue

Livingston

Logan

Lyon

McLean

Marshall

Mccracken

Muhlenberg

Ohio

Simpson

Todd

Trigg

Union

Warren

Webster

[fol. 565E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 231

November 29, 1949.

Sealy Mattress Company  
1047 Florida Street  
Memphis, Tennessee

Attn: Mr. Louis G. Haas

Dear Louis:

This will acknowledge your letter of November 22nd containing the list of the counties you wish to continue to serve in the state of Kentucky. In checking over this list I note that you list a county by the name of Dexter. There is no such county in Kentucky, but I imagine you mean the county of Calloway—there is a town by the name of Dexter in this county.

I note what you say about the town of Evansville, Indiana, and I would like to know whether or not you are surrendering the counties of Floyd and Clark in the state of Indiana.

It is going to be exceedingly difficult to work out a deal with Louisville for one of the counties that you mention. The county of Hardin comes within thirty or forty miles of Louisville. You have left out the counties of Hancock, Breckenridge and Meade, and I am wondering if you could not also surrender the county of Hardin and Larue. It would make it much easier to work out a territory if these two counties were in the part of Kentucky that you are surrendering.

I have not as yet listed the counties to the Logan Company of Louisville, and will wait until I receive a reply from you before going into the matter. If you will look at the map, you will follow the counties that I mentioned and which seem to be sticking out into the other territory like a sore thumb.

Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL:r

[fol. 566E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 232

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Oxford Road  
Franklin, Warren County, Ohio  
Telephone  
Franklin 78-79

February 1, 1950.

Mr. J. R. Lawrence  
Sealy Mattress Company  
666 Lake Shore Drive  
Chicago, Illinois

Dear Roger:

While in Chicago Louis Haas and Herb. Neilson worked out an agreement whereby Sealy of Cincinnati is going to take over, on a temporary trial basis, a portion of the Kentucky counties previously served by Sealy of Memphis.

Louis has been kind enough to send us a list of the counties which will be maintained by the Memphis plant, and a copy of the list of these counties is enclosed herewith.

I understand from Herb. Neilson that Memphis does not have the entire state of Kentucky, and part of this is served out of Bluefield.

Therefore, so that we are sure we do not step out of our allotted territory, I would greatly appreciate it if you could forward to me a list of the counties that will be served by Sealy of Cincinnati.

In other words, this would be a list of all the counties in Kentucky minus those counties which Memphis is retaining, and minus those counties which are served by any plant other than Memphis.

Thanking you in advance, we remain

Very truly yours, Sealy of Cincinnati, Maurice  
Unger, President.

inh

enclosure

[fol. 567E] Counties in Kentucky to be Served by  
Memphis Plant

Allen

Ballard

Barren

Butler

Caldwell

Calloway

Carlisle

Christian

Crittenden

Daviess

Edmonson

Fulton

Graves

Grayson

Hart

Henderson

Hickman

Hopkins

Livingston

Logan

Lyon

McLean

Marshall

McCracken

Muhlenberg

Ohio

Simpson

Todd

Trigg

Union

Warren

Webster



[fol. 568E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 233

February 3, 1950

Mr. Louis Haas,  
Sealy Mattress Company  
1047 Florida Street  
Memphis, Tennessee.

Dear Louis:

Herb. Neilson has turned over to me your letter of January 24th, and we certainly appreciate the arrangements which you have worked out with Herb.; whereby Sealy of Cincinnati is going to cover a portion of the Kentucky territory on a temporary trial basis to see what success we can have in that area.

We, also, appreciate the efforts to which you have gone to give us a list of the accounts to whom you have been selling in Kentucky, and this will assist us greatly in getting started.

We note from your letter the list of counties which you desire to retain and in this connection, so we are sure that we do not get out of bounds, we have written Roger Lawrence, as per copy attached, and, no doubt, the list of counties which he will send us will represent those counties into which we can go without fear of being out of our territory.

Again, thanking you for your cooperation in this matter, and with kind personal regards, remain

Very truly yours, Sealy of Cincinnati, Maurice  
Unger, President.

mh

cc: Herb. Neilson, Roger Lawrence.

[fol. 569E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 234

February 15, 1950.

Sealy Mattress Company  
Oxford Road  
Warren County  
Franklin, Ohio

Attn: Mr. Maurice Unger

Dear Babe:

I have your letter of February 1st in which you state that while in Chicago Mr. Lottis Haas and Mr. Herbert Neilson worked out an agreement whereby Sealy of Cincinnati is going to take over, on a temporary basis, a portion of the Kentucky counties previously serviced by Sealy of Memphis. This brings up many ramifications which are not too pertinent at the present time but which may become complicated in the future.

In the first place, the franchising of territories is an exclusive right that is the property of Sealy, Incorporated. The Sealy contract specifically prohibit the re-licensing of a territory to another plant.

Secondly, Louis has offered back to Sealy, Incorporated the counties in Kentucky east of, and not including the following counties: Davies, Ohio, Butler, Warren and Allen. When this territory was released to Sealy, Incorporated, we began negotiations with the Logan Company of Louisville, Kentucky in connection with the possibility of them serving the central portion of Kentucky. At the present time, the negotiations are more or less at a standstill as the next move is up to the Logan Company. If you go into the area in central Kentucky, please understand that there can be no commitments from Sealy, Incorporated toward the possibility of annexing this territory to your present one on a permanent basis. I can see no objection to your servicing it on a temporary basis, but if you go into it, please go into it with your eyes open and with full information.

In regard to the counties being served by Bluefield, Virginia, they are as follows: Morton, Floyd, Pike, Knott, Letcher, Breathitt, Perry, Harlan, Leslie, Clay, Knox, Bell. [fol. 570E] The counties listed in northeastern Kentucky are, of course, in your Cincinnati contract. Your line runs through and includes the following counties: Carrol, Owen, Harrison, Nicholas, Bath, Menifee, Morgan, Magoffin, Johnson and Lawrence. If you will refer to your map, this will give you a full picture of the situation in Kentucky for there are no other plants involved. Incidentally, the counties of Floyd and Clark in the state of Indiana were also the property of Memphis and have been surrendered along with the Kentucky territory.

Please understand that Mr. Louis Haas definitely made a commitment to Sealy, Incorporated regarding the release of this territory providing Sealy, Incorporated could locate a satisfactory licensee for same. Of course, any action of a permanent nature would have to have the sanction of the Board of Directors of Sealy, Incorporated.

Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL:r

cc: L. G. Haas.

[fol. 571E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 235

Air Mail

January 4, 1950.

Mr. Earl Bergmann  
Sealy, Inc.  
2841 East 37th Street  
Cleveland, Ohio

Dearl Earl:

We received Roger Lawrence's bulletin #3470 in reference to private discussions with licensees on Wednesday, January 11th. I have some problems concerning territory that I would like to discuss with you at that time.

In order to save time, I'm going to outline in this letter these various problems for your consideration. They are:

1. You will recall that when we signed with Sealy in November of 1948 that we ended up with considerably less territory than we had asked for and considerably less than the territory Roger Lawrence felt we could have when we discussed the matter with him in Waterbury. You will recall that we reached a compromise in Chicago which gave us a very small portion of Westchester County. Specifically, it is that portion of Westchester County north of a line drawn from Tarrytown to the Connecticut border not including Tarrytown. This gives us only two (2) small and unimportant towns in Westchester. The balance of the county is held by the Brooklyn plant.

I wish to remind you that we agreed to this arrangement only after we had your promise and Roger Lawrence's promise that, if we did a good job, we could have the balance of Westchester County. I can assure you that there is very little Sealy being sold in lower Westchester County today and I know that we can do a very satisfactory job in this well populated area. We are in an excellent position geographically to service the territory and our selling organization is well [fol. 572E] equipped to take on the balance of the County.



2. Our next problem concerns the town of Newburgh, New York. This town is not in our Sealy territory as it is in Orange County which is covered by the Passaic plant. It has a population of about 31,000 and is situated on the Hudson River just a few miles outside of our territory. We sold Burgers, a furniture store, just under \$20,000. of Waterbury merchandise in 1949. We are selling them about 80% of the bedding they use but we are afraid that without a national brand to offer that we may lose ground to Englander or Simmons.

We have encouraged this account to take on Sealy from Passaic, as we felt that they would promote some branded line also, but although they have used some merchandise they have never really done a job with Sealy. I have approached Max Lewis of Passaic a few times this year to see if something could be worked out in reference to the town or the account. We have carefully watched the town and we know that the territory is not being serviced and we also know that there is very little or no Sealy being sold in the neighborhood.

Burgers are extremely anxious to do business with us and would buy and feature Sealy if we could give it to them. Can you use your good offices to work some arrangement with Mr. Lewis of Passaic?

3. The third situation concerns our Rhode Island territory. We did not start to actively solicit business in the Rhode Island territory until April of last year because of the Osiason suit against Sealy, Inc. The state and one county in Massachusetts has been handled by S.M. Bloom, our representative, who lives in Providence, Rhode Island. In the nine (9) months of 1949 that he represented us, he did a volume of \$116,000. We had, as you know, great difficulties in getting started because of the poisonous job the Osiasons had done of burning their bridges behind them. The dealers were all loaded with Sealy merchandise at cut prices and we and Sealy, Inc. had been painted as the world's blackest villains. We think that Mr.



Bloom has done an excellent job considering the circumstances.

We now wish to expand our efforts in Rhode Island and we hope to open a warehouse in Providence, in the near future. We also would like to put a junior salesman under Mr. Bloom to handle the smaller accounts. In surveying the territory and determining the amount of territory necessary to support such a warehouse, we find that Bristol County in Massachusetts is a natural part of the Providence market. If you will study the map, you will note that Fall River and New Bedford, the two (2) main towns in Bristol County, are only fifteen (15) or twenty (20) miles from Providence. You will also note, on your map, that Rhode Island is a chopped off state and that [fol. 573E] Bristol County can be properly serviced from Providence. The majority of the appliance people service this area from Providence.

I have no way of knowing the exact amount of business the Allston plant is doing in Bristol County but we do know from careful observation that it cannot be too great. We know that many of the key accounts who purchased Sealy from Osiason are not buying it from Allston. We also feel that a capable man like Mr. Bloom can, with a warehouse behind him, obtain the maximum distribution of Sealy in Bristol County.

I realize that a quick solution cannot be found to any or all of these problems but I know that as the year progresses the opportunity may arise to make some or all of these changes. I have discussed these matters with you before but I wish to again remind you of them now that 1949 is behind us. May I go over these matters with you in Chicago on Wednesday? Best regards.

Very truly yours, Sealy Mattress Company, By:  
William H. Walzer.

WHW:hp

cc: J.R. Lawrence, Chicago, Illinois.

[fol. 574E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 236

"Sleeping on a Sealy is like Sleeping on a Cloud"

SEALY MATTRESS COMPANY

Detroit 1, Michigan

Telephones Temple 1-4620-21-22

3818 Beaubien Street

5914 Federal Ave.

Detroit 9, Mich.

March 27, 1950.

Mr. J.R. Lawrence  
Sealy Incorporated  
666 Lake Shore Drive  
Chicago 11 Ill.

Dear Roger:

Kindly advise me immediately the situation regarding shipping of Sealy merchandise into the State of Florida, particularly into the Miami area. You know by now that we have a pretty fair connection re shipments of merchandise into Miami and also South America and Cuba. We are now working on a couple of deals for hotels and hospitals in the Miami area and would like permission to go ahead with these on the basis of shipping them Sealy merchandise.

We know for a fact that Sealy Inc. itself would have no chance of obtaining these orders because of our connection, and we ourselves, can sell Brown Reclining instead of Sealy, however, for the small cost to us involved by putting the Sealy label on the merchandise, we feel we are lending a lot of prestige to Sealy Inc. by doing so.

Kindly give us the "go ahead" sign on the above matter.

Yours truly, Sealy Mattress Company, Peter D.  
Brown.

PDB:rm

[fol. 575E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 237

March 31, 1950.

Sealy Mattress Company  
5914 Federal Avenue  
Detroit, Michigan

Attn: Mr. Peter D. Brown

Dear Pete:

The state of Florida is under franchise to the U. S. Bedding Company, Memphis, Tennessee and Sealy, Incorporated can not give you permission to ship Sealy merchandise into that area. I believe the Memphis plant is fairly active in the state of Florida. They have warehouses located in Miami, Jacksonville and Tampa.

As far as Cuba and South American are concerned, you have our permission to ship Sealy merchandise to these points.

Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL:cr

[fol. 576E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT NO. 238

May 12, 1950.

Sealy Mattress Company  
5810 S. Normandie Avenue  
Los Angeles, California

Attn: Mr. Seniel Ostrow

Dear Mr. Ostrow:

We are enclosing herewith new amendments to your contract. These amendments embrace the territory as set up in your recent letter to me. We are enclosing an original and one copy which we ask that you please execute and return to this office. When these have been executed by Sealy, Incorporated, we will return one copy for your files.

We ask that you please attend to this matter promptly in order that the corporation records may be brought up to date.

Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL:r

[fol. 577E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 243

SEALY INCORPORATED

Inter Factory Correspondence

To J. R. Lawrence

From E. H. Bergmann

Date June 27, 1950

Subject—

Dear Roger:

I am enclosing a letter dated June 12th received from Bill Walzer which sets forth the arrangements concerning the occupancy of Newburgh, New York and other territories.

Since our meeting in Chicago of course you understand that Max Lewis told me personally that as far as he was concerned, he was willing to go beyond the understanding with Bill Walzer and Mike Yulman and give Yulman the entire county of Sullivan and Walzer the entire county of Orange. Of course, I let him feel that he was a generous giver even though we had no intention of giving him the counties anyway.

This letter states a couple of other little changes necessary in order to permit Waterbury to enter into Newburgh and, so far as I can tell, it seems to be in order but you will have to cover it by a letter of stipulation to the plants concerned.

Regards.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB:r



[fol. 578E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT 243A

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Waterbury, Connecticut

Telephone 3-5109

79 Benedict Street

Mr. Earl Bergmann

June 12, 1950.

Sealy Inc.

2841 East 37th St.

Cleveland, Ohio

Dear Earl:

I saw Mr. Max Lewis of Passaic at the meeting of the Eastern Plants which we held in New York last week, and I worked out an arrangement with Max concerning the Orange County situation.

Max has agreed to give us Newburgh, N.Y., commencing on July 1, 1950. He wants to retain the balance of Orange County and we are perfectly willing to go along with him under this arrangement.

Mike Yulman has also agreed to a territorial change in order that we may service Newburgh without going through his territory. He has very kindly consented to give us that portion of Dutchess County, N.Y., which is south of an imaginary line from Wappinger Falls, N.Y., to Wingdale, N.Y. These two towns will be in our territory. We now have Putnam County, N.Y., as you know, and if Mike had not given us this small strip of Dutchess County we would have been unable to regulate the distribution of Sealy in Beacon, N.Y., which is across the river from Newburgh, and a part of the Newburgh trading area.

We believe that these changes will be of great benefit to all concerned. Will you please see that the necessary contractual arrangements are made for this territory revision.

Best regards, Sealy Mattress Company, William H. Walzer.

WHW:dj

CC:ML, MHY

[fol. 579E] IN UNITED STATES DISTRICT COURT  
GOVERNMENT'S EXHIBIT No. 244

Sealy Mattress Company,  
79 Benedict Street,  
Waterbury 89, Conn.

June 29, 1950.

Attention: Mr. William Walzer

Dear Bill:

Mr. Bergmann has forwarded to me your letter of June 12th in regard to territory changes in and around Newburgh, New York. Also, I notice that part of the territorial changes involve Schenectady so I am sending a copy of this letter to the attention of Mr. Mike Yulman.

I note that Mike has agreed to give you a portion of Dutchess County which is south of an imaginary line from Wappinger Falls, to Wingdale, N.Y. These two towns will be included in the territory obtained from Schenectady.

As I told you at a meeting in Chicago, you may service the entire county of Orange, in fact, we will expect one of your men to work the accounts in that county and to make a good showing and not concentrate all of your shots on the city of Newburgh.

As you know, Passaic also worked the county of Sullivan, or at least it was in their contract. This county is now being turned over to Schenectady as it is adjacent to the county of Ulster which they are now working. The major towns in Sullivan County are Monticello, Liberty, Livingston Manor and Roscoe.

I do not see any necessity of issuing a new contract for this territorial change and if you will file this letter with your contract, it will serve the official purpose of adding this territory to your contract.

I sincerely trust that you will do a good business in Orange County and that Mike Yulman will do a good business in Sullivan County. The reason these counties were taken out of the Passaic contract is that they were not being sold in any volume, although Mr. Max Lewis did state that he had shipped some Sealy merchandise into that area.

Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL:if

cc: Schenectady.

[fol. 580E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 246

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Portland 10, Oregon  
Telephone Beacon 1106  
2337 Northwest York Street

August 1, 1950.

Mr. Earl H. Bergmann  
Sealy Mattress Company  
2841 East 37th Street  
Cleveland, Ohio

Dear Earl:

I meant to write you before about this but have more or less overlooked it. As you know we have been developing trade in the Alaskan Territory and are selling from time to time Sealy Products in that Territory. Some few years ago when this came into being and when Mr. Haas was still alive I took this matter up with Mr. Haas and he advised me to go ahead and cover Alaska with Sealy Products. We have been doing that since then and up to this time you have not officially included that in our territory and I would appreciate greatly that at your next meeting that you take this matter up and add this territory to our contract because we are expending funds and efforts to develop the business in that territory and would like to have it added to our contract.

Your attention in this matter will be much appreciated by me.

Sincerely yours, Sealy Mattress Company, Ben  
Rosenfeld.

BR:mc

[fol. 581E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 247

Dict. 8/18/50.  
August 21, 1950

Sealy Mattress Company  
2337 N. W. York Street  
Portland, Oregon

Attention: Mr. Ben Rosenfeld

Dear Ben:

I acknowledge receipt of your letter concerning the Alaska territory and I have been giving considerable thought to it and have been doing some investigating concerning the territory.

I find, much to my surprise, the population of Alaska to be in excess of 100,000 people and that they seem to have an extremely high buying power per capita.

Of course, I am familiar with the fact that Alaska is seeking statehood and the day may not be too far off when this particular territory will become a very valuable and important part of the United States. Therefore, it may, within itself, be able to support a full licenseeship possibly not without a plant but the status of a licenseeship on the part of who ever may be handling it for Sealy.

I think the proper way to handle this Alaskan territory would be to give it to you on a separate contract subject to the usual 3% handling with say a minimum of \$100 per month for the first three years and then as the contract comes up for renewal we will be able to determine whether or not the royalty should go up so far as the minimums are concerned at time of renewal. By your reporting your Alaskan sales separately we would be able to determine as to the value of the territory and the minimums could be predicated accordingly.

If you feel that the suggestion of the separate contract with the minimum of \$100 a month is in line with your



[fol. 582E] thinking please advise me and I will submit to the Board on the occasion of the meeting in Denver this suggestion.

Ben, I am looking forward to seeing you in person on the occasion of this meeting in Denver and I am sure you are going to be there because it is about half way to your home and we are going to have quite a number of things to discuss and also a little time to relax together and get acquainted personally with each other more than we have in the past.

Personal regards, Sealy, Incorporated, E. H. Bergmann.

EHB/ba

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[fol. 583E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 248

November 16, 1950.

Pettit Bedding Company  
2337 Northwest York Street  
Portland 10, Oregon

Attention: Mr. Ben Rosenfeld

Dear Ben,

We are enclosing herewith an executed copy of an agreement between Sealy, Incorporated, and the Pettit Bedding Company covering the Territory of Alaska. This contract is dated October 30, 1950, and is for a three year period beginning November 1, 1950 and expiring October 31, 1953. We trust that you will find the papers in order.

Please accept our good wishes for your continued success in that area, and be assured of the full cooperation from this office in any way that we can be of help to you.

Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JEL/ba

Encl.



[fol. 584E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 248-A

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Des Moines 8, Iowa

Telephone 3-5165

301-325 Southwest 8th Street

July 26, 1950

Sealy, Incorporated  
666 Lake Shore Drive  
Chicago 11, Illinois

Gentlemen:

Several days ago, Mr. Harry Fouts wrote a letter to President Earl, listing some counties in South Dakota, which the Des Moines plant was willing to relinquish to the St. Paul plant. No doubt Earl will handle this in a formal manner, inasmuch as the proper procedure would be for Sealy Incorporated to authorize the St. Paul plant to work that particular territory.

We give you herewith, the counties which we are relinquishing, and we also are listing those counties in South Dakota which we are retaining.

Counties in South Dakota Relinquished

Bennett

Todd

Trip

Gregory

Washabaugh

Melett

Brule

Aurora

Davison

Hanson

McCook

Minnehaha

Rosebud

Counties in South Dakota Retained

Douglas

Hutchinson

Turner

Lincoln

Lyman

Charles-Mix

Bonne Homme

Yankton

Clay

Union

There are three names on your master mailing list which have been under the Des Moines plant, which we kindly ask [fol. 585E] that you remove. No doubt the St. Paul plant will send you their list of names to be included in the master mailing list. From the Des Moines drawer, you will please remove the following names:

Johnson Furniture Co., Sioux Falls, S. Dak.

Johnson Furniture Co., Mitchell, S. Dal.

J. J. Hofer & Son, Emery, So. Dak.

(Taken off m. list 8/4/51, IF)

Yours truly, Sealy Mattress Company, H. N. Ryden,  
Vice President.

HNRyden:dc

cc: Sealy Mattress Co., St. Paul 4, Minn.

[fol. 586E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 250

November 8, 1950

Taff Furniture Store  
Rushville  
Indiana

Gentlemen:

On October 30 our Chicago factory wrote to you, through error, that they were servicing the territory, in which you are located, with Sealy merchandise. This letter is being written to you from the National Sales Office in Chicago to correct this error and to advise you that Sealy bedding products are sold and serviced in Southern Indiana by the Logan Company, 1115 Franklin Street, Louisville, Kentucky.

The Charles A. Maish Company of Cincinnati, Ohio has closed their plant because of labor and management difficulty. We believe that you will find the Logan Company an excellent source for your bedding needs. They have been in the bedding manufacturing business for over fifty years and have a very good reputation for integrity and fair dealing with their customers.

Sealy engineers have set up the Logan plant to manufacture the fine line of Sealy bedding products. Each Sealy product is manufactured to very rigid specifications and are made of raw materials available through the National Sealy organization. Sealy products manufactured by each of the Sealy associates are examined periodically by such firms as the U. S. Testing Laboratories to insure that the products live up to the fine reputation of the Sealy name.

Mr. Harry Forbes is the sales manager of the Logan [fol. 587E] plant, and we feel sure that you will find him and his associates pleasant people to do business with and a profitable connection for you.

Yours very truly, Sealy, Incorporated, J. R. Lawrence,  
Executive Vice-President.

JRL/ba

cc Mr. Harry Forbes, Louisville, Kentucky.

[fol. 588E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 251

Louisville territory

October 30, 1950

Taff Furniture Store  
Rushville.  
Indiana

Gentlemen:

Please be advised that the Chicago factory of Sealy has been assigned nine additional counties in Indiana, including the one in which your store is located. This territory was formerly serviced by the Charles A. Maish Company of Cincinnati, Ohio, and it is our understanding that they merchandised with you what they called their "Orchid" mattress and boxspring line.

Our merchandising ideas differ from theirs, as also does our merchandise. You will find our merchandise unexcelled in quality, and our reputation for integrity, service, advertising and merchandising ideas second to none in the middle west.

We do not sell the "Orchid" line but we would like to offer you the opportunity to buy our regular line-up of fine Sealy merchandise. Enclosed is a complete price list and catalog covering our bedding line.

After you digest same, it may be your desire to show our upholstered goods, prices of which are enclosed. If such is the case, please write for our 1950 swatch book, which will be sent you at a cost of \$7.50.

Also enclosed is a typical mailing piece which illustrates some of our merchandising thinking and covers five newspaper ads which we ran last spring, at absolutely no cost to our dealers.

On mattresses and boxsprings in less than truckload lots, our prices are f.o.b. Chicago. In straight trailerloads (approximately 93 pieces) our merchandise comes to you f.o.b. delivered your store.

Trusting that we may be of service to you, we are

Yours very truly, Sealy Mattress Company, C. B.  
McGillivray, Sales Manager.

CBM:mk

[fol. 589E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 252

November 8, 1950

McDaniel Furniture Company  
Bloomington  
Indiana

Gentlemen:

On October 30 our Chicago factory wrote to you, through error, that they were servicing the territory, in which you are located, with Sealy merchandise. This letter is being written to you from the National Sales Office in Chicago to correct this error and to advise you that Sealy bedding products are sold and serviced in Southern Indiana by the Logan Company, 1115 Franklin Street, Louisville, Kentucky.

The Charles A. Maish Company of Cincinnati, Ohio has closed their plant because of labor and management difficulties. They have been an excellent source for your bedding needs. They have been in fault. We believe that you will find the Logan Company an excellent bedding manufacturing business for over fifty years and have a very good reputation for integrity and fair dealing with their customers.

Sealy engineers have set up the Logan plant to manufacture the fine line of Sealy bedding products. Each Sealy product is manufactured to very rigid specifications and are made of raw materials available through the National Sealy organization. Sealy products manufactured by each of the Sealy associates are examined periodically by such firm as the U. S. Testing Laboratories, to insure that the products live up to the fine reputation of the Sealy name.

Mr. Harry Forbes is the sales manager of the Logan [fol. 590E] plant, and we feel sure that you will find him and his associates pleasant people to do business with and a profitable connection for you.

Yours very truly, Sealy, Incorporated, J. R. Lawrence, Executive Vice-President.

JHL/ba

cc: Mr. Harry Forbes, Louisville, Kentucky



[fol. 591E] IN UNITED STATES DISTRICT COURT

## GOVERNMENT'S EXHIBIT No. 253

Louisville territory

McDaniel Furniture Company  
Bloomington  
Indiana

October 30, 1950

Gentlemen:

Please be advised that the Chicago factory of Sealy has been assigned nine additional counties in Indiana, including the one in which your store is located. This territory was formerly serviced by the Charles A. Maish Company of Cincinnati, Ohio, and it is our understanding that they merchandised with you what they called their "Orchid" mattress and boxspring line.

Our merchandising ideas differ from theirs, as also does our merchandise. You will find our merchandise unexcelled in quality, and our reputation for integrity, service, advertising and merchandising ideas second to none in the middle west.

We do not sell the "Orchid" line but we would like to offer you the opportunity to buy our regular line-up of fine Sealy merchandise. Enclosed is a complete price list and catalog covering our bedding line.

After you digest same, it may be your desire to show our upholstered goods, prices of which are enclosed. If such is the case, please write for our 1950 swatch book, which will be sent you at a cost of \$7.50.

Also enclosed is a typical mailing piece which illustrates some of our merchandising thinking and covers five newspaper ads which we ran last spring, at absolutely no cost to our dealers.

On mattresses and boxsprings in less than truckload lots, our prices are f.o.b. Chicago. In straight trailerloads (approximately 93 pieces) our merchandise comes to you f.o.b. delivered your store.

Trusting that we may be of service to you, we are

Yours very truly, Sealy Mattress Company, C. B.  
McGillivray, Sales Manager.

CBM:mk

[fol. 592E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 254

November 8, 1950

Guttman Furniture Company  
Connersville  
Indiana

Gentlemen:

On October 30 our Chicago factory wrote to you, through error, that they were servicing the territory, in which you are located, with Sealy merchandise. This letter is being written to you from the National Sales Office in Chicago to correct this error and to advise you that Sealy bedding products are sold and serviced in Southern Indiana by the Logan Company, 1115 Franklin Street, Louisville, Kentucky.

The Charles A. Maish Company of Cincinnati, Ohio has closed their plant because of labor and management difficulty. We believe that you will find the Logan Company an excellent source for your bedding needs. They have been in the bedding manufacturing business for over fifty years and have a very good reputation for integrity and fair dealing with their customers.

Sealy engineers have set up the Logan plant to manufacture the fine line of Sealy bedding products. Each Sealy product is manufactured to very rigid specifications and are made of raw materials available through the National Sealy organization. Sealy products manufactured by each of the Sealy associates are examined periodically by such firms as the U. S. Testing Laboratories, to insure that the products live up to the fine reputation of the Sealy name.

Mr. Harry Forbes is the sales manager of the Logan [fol. 593E] plant, and we feel sure that you will find him and his associates pleasant people to do business with and a profitable connection for you.

Yours very truly, Sealy, Incorporated, J. R. Lawrence,  
Executive Vice-President.

JRL/ba

cc Mr. Harry Forbes, Louisville, Kentucky.

[fol. 594E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 255

Louisville territory

October 30, 1950

Guttman Furniture Company

Connersville

Indiana.

Gentlemen:

Please be advised that the Chicago factory of Sealy has been assigned nine additional counties in Indiana, including the one in which your store is located. This territory was formerly serviced by the Charles A. Maish Company of Cincinnati, Ohio, and it is our understanding that they merchandised with you what they called their "Orchid" mattress and boxspring line.

Our merchandising ideas differ from theirs, as also does our merchandise. You will find our merchandise unexcelled in quality, and our reputation for integrity, service, advertising and merchandising ideas second to none in the middle west.

We do not sell the "Orchid" line but we would like to offer you the opportunity to buy our regular line-up of fine Sealy merchandise. Enclosed is a complete price list and catalog covering our bedding line.

After you digest same, it may be your desire to show our upholstered goods, prices of which are enclosed. If such is the case, please write for our 1950 Swatch Book, which will be sent you at a cost of \$7.50.

Also enclosed is a typical mailing piece which illustrates some of our merchandising thinking and covers five newspaper ads which we ran last spring, at absolutely no cost to our dealers.

On mattresses and boxsprings in less than truckload lots, our prices are f.o.b. Chicago. In straight trailerloads (approximately 93 pieces) our merchandise comes to you f.o.b. delivered your store.

Trusting that we may be of service to you, we are

Yours very truly, Sealy Mattress Company, C. B.  
McGillivray, Sales Manager.

CBM :mk

[fol. 595E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 256

November 8, 1950

Droege Furniture Company  
Seymour  
Indiana

Gentlemen:

On October 30 our Chicago factory wrote to you, through error, that they were servicing the territory, in which you are located, with Sealy merchandise. This letter is being written to you from the National Sales Office in Chicago, to correct this error and to advise you that Sealy bedding products are sold and serviced in Southern Indiana by the Logan Company, 1115 Franklin Street, Louisville, Kentucky.

The Charles A. Maish Company of Cincinnati, Ohio has closed their plant because of labor and management difficulty. We believe that you will find the Logan Company an excellent source for your bedding needs. They have been in the bedding manufacturing business for over fifty years and have a very good reputation for integrity and fair dealing with their customers.

Sealy engineers have set up the Logan plant to manufacture the fine line of Sealy bedding products. Each Sealy product is manufactured to very rigid specifications and are made of raw materials available through the National Sealy organization. Sealy products manufactured by each of the Sealy associates are examined periodically by such firms as the U. S. Testing Laboratories, to insure that the products live up to the fine reputation of the Sealy name.

Mr. Harry Forbes is the sales manager of the Logan [fol. 596E] plant, and we feel sure that you will find him and his associates pleasant people to do business with and a profitable connection for you.

Yours very truly, Sealy, Incorporated, J. R. Lawrence,  
Executive Vice-President.

JRL/ba

cc Mr. Harry Forbes.



[fol. 597E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 257

Louisville.

October 30, 1950.

Droege Furniture Company  
Seymour  
Indiana

Gentlemen:

Please be advised that the Chicago factory of Sealy has been assigned nine additional counties in Indiana, including the one in which your store is located. This territory was formerly serviced by the Charles A. Maish Company of Cincinnati, Ohio, and it is our understanding that they merchandised with you what they called their "Orchid" mattress and boxspring line.

Our merchandising ideas differ from theirs, as also does our merchandise. You will find our merchandise unexcelled in quality, and our reputation for integrity, service, advertising and merchandising ideas second to none in the middle west.

We do not sell the "Orchid" line but we would like to offer you the opportunity to buy our regular line-up of fine Sealy merchandise. Enclosed is a complete price list and catalog covering our bedding line.

After you digest same, it may be your desire to show our upholstered goods, prices of which are enclosed. If such is the case, please write for our 1950 Swatch Book, which will be sent you at a cost of \$7.50.

Also enclosed is a typical mailing piece which illustrates some of our merchandising thinking and covers five newspaper ads which we ran last spring, at absolutely no cost to our dealers.

On mattresses and boxsprings in less than truckload lots, our prices are f.o.b. Chicago. In straight trailerloads (approximately 93 pieces) our merchandise comes to you f.o.b. delivered your store.

Trusting that we may be of service to you, we are

Yours very truly, Sealy Mattress Company, C. B.  
McGillivray, Sales Manager.

CBM:mk



[fol. 598E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 258

November 8, 1950.

Dickhoff & Vance  
North Vernon  
Indiana

Gentlemen:

On October 30 our Chicago factory wrote to you, through error, that they were servicing the territory, in which you are located, with Sealy merchandise. This letter is being written to you from the National Sales Office in Chicago to correct this error and to advise you that Sealy bedding products are sold and serviced in Southern Indiana by the Logan Company, 1115 Franklin Street, Louisville, Kentucky.

The Charles A. Maish Company of Cincinnati, Ohio has closed their plant because of labor and management difficulty. We believe that you will find the Logan Company an excellent source for your bedding needs. They have been in the bedding manufacturing business for over fifty years and have a very good reputation for integrity and fair dealing with their customers.

Sealy engineers have set up the Logan plant to manufacture the fine line of Sealy bedding products. Each Sealy product is manufactured to very rigid specifications and are made of raw materials available through the National Sealy organization. Sealy products manufactured by each of the Sealy associates are examined periodically by such firms as the U. S. Testing Laboratories, to insure that the products live up to the fine reputation of the Sealy name.

Mr. Harry Forbes is the sales manager of the Logan [fol. 599E] plant, and we feel sure that you will find him and his associates pleasant people to do business with and a profitable connection for you.

Yours very truly, Sealy, Incorporated, J. R. Lawrence, Executive Vice-President.

JRL/ba

cc Mr. Harry Forbes.

[fol. 600E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 259

Louisville territory

Diekhoff & Vance  
North Vernon  
Indiana

October 30, 1950.

Gentlemen:

Please be advised that the Chicago factory of Sealy has been assigned nine additional counties in Indiana, including the one in which your store is located. This territory was formerly serviced by the Charles A. Maish Company of Cincinnati, Ohio, and it is our understanding that they merchandised with you what they called their "Orchid" mattress and boxspring line.

Our merchandising ideas differ from theirs, as also does our merchandise. You will find our merchandise unexcelled in quality, and our reputation for integrity, service, advertising and merchandising ideas second to none in the middle west.

We do not sell the "Orchid" line but we would like to offer you the opportunity to buy our regular line-up of fine Sealy merchandise. Enclosed is a complete price list and catalog covering our bedding line.

After you digest same, it may be your desire to show our upholstered goods, prices of which are enclosed. If such is the case, please write for our 1950 Swatch Book, which will be sent you at a cost of \$7.50.

Also enclosed is a typical mailing piece which illustrates some of our merchandising thinking and covers five newspaper ads which we ran last spring, at absolutely no cost to our dealers.

On mattresses and boxsprings in less than truckload lots, our prices are f.o.b. Chicago. In straight trailerloads (approximately 93 pieces) our merchandise comes to you f.o.b. delivered your store.

Trusting that we may be of service to you, we are

Yours very truly, Sealy Mattress Company, C. B.  
McGillivray, Sales Manager.

CBM:mk

[fol. 601E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 260

November 8, 1950.

Cure & Son  
Martinsville.  
Indiana

Gentlemen:

On October 30 our Chicago factory wrote to you, through error, that they were servicing the territory, in which you are located, with Sealy merchandise. This letter is being written to you from the National Sales Office in Chicago to correct this error and to advise you that Sealy bedding products are sold and serviced in Southern Indiana by the Logan Company, 1115 Franklin Street, Louisville, Kentucky.

The Charles A. Maish Company of Cincinnati, Ohio has closed their plant because of labor and management difficulty. We believe that you will find the Logan Company an excellent source for your bedding needs. They have been in the bedding manufacturing business for over fifty years and have a very good reputation for integrity and fair dealing with their customers.

Sealy engineers have set up the Logan plant to manufacture the fine line of Sealy bedding products. Each Sealy product is manufactured to very rigid specifications and are made of raw materials available through the National Sealy organization. Sealy products manufactured by each of the Sealy associates are examined periodically by such firms as the U. S. Testing Laboratories, to insure that the products live up to the fine reputation of the Sealy name.

Mr. Harry Forbes is the sales manager of the Logan [fol. 602E] plant, and we feel sure that you will find him and his associates pleasant people to do business with and a profitable connection for you.

Yours very truly, Sealy, Incorporated, J. R. Lawrence, Executive Vice-President.

JRL/ba

cc Mr. Harry Forbes.

[fol. 603E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 261

Cure & Son  
Martinsville  
Indiana  
Louisville

October 30, 1950.

Gentlemen:

Please be advised that the Chicago factory of Sealy has been assigned nine additional counties in Indiana, including the one in which your store is located. This territory was formerly serviced by the Charles A. Maish Company of Cincinnati, Ohio, and it is our understanding that they merchandised with you what they called their "Orchid" mattress and boxspring line.

Our merchandising ideas differ from theirs, as also does our merchandise. You will find our merchandise unexcelled in quality, and our reputation for integrity, service, advertising and merchandising ideas second to none in the middle west.

We do not sell the "Orchid" line but we would like to offer you the opportunity to buy our regular line-up of fine Sealy merchandise. Enclosed is a complete price list and catalog covering our bedding line.

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On mattresses and boxsprings in less than truckload lots, our prices are f.o.b. Chicago. In straight trailerloads (approximately 93 pieces) our merchandise comes to you f.o.b. delivered your store.

Trusting that we may be of service to you, we are

Yours very truly, Sealy Mattress Company, C. B.  
McGillivray, Sales Manager.

CBM:mk

[fol. 604E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 262

November 8, 1950.

Giltz Furniture Store  
Brazil  
Indiana

Gentlemen:

On October 30 our Chicago factory wrote to you, through error, that they were servicing the territory, in which you are located, with Sealy merchandise. This letter is being written to you from the National Sales Office in Chicago to correct this error and to advise you that Sealy bedding products are sold and serviced in Southern Indiana by the Logan Company, 1115 Franklin Street, Louisville, Kentucky.

The Charles A. Maish Company of Cincinnati, Ohio has closed their plant because of labor and management difficulty. We believe that you will find the Logan Company an excellent source for your bedding needs. They have been in the bedding manufacturing business for over fifty years and have a very good reputation for integrity and fair dealing with their customers.

Sealy engineers have set up the Logan plant to manufacture the fine line of Sealy bedding products. Each Sealy product is manufactured to very rigid specifications and are made of raw materials available through the National Sealy organization. Sealy products manufactured by each of the Sealy associates are examined periodically by such firms as the U. S. Testing Laboratories to insure that the products live up to the fine reputation of the Sealy name.

Mr. Harry Forbes is the sales manager of the Logan [fol. 605E] plant, and we feel sure that you will find him and his associates pleasant people to do business with and a profitable connection for you.

Yours very truly, Sealy, Incorporated, J. R. Lawrence, Executive Vice-President.

JRL/ba

cc Mr. Harry Forbes.



[fol. 606E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 263

Louisville territory

October 30, 1950

Giltz Furniture Store

Brazil

Indiana

Gentlemen:

Please be advised that the Chicago factory of Sealy has been assigned nine additional counties in Indiana, including the one in which your store is located. This territory was formerly serviced by the Charles A. Maish Company of Cincinnati, Ohio, and it is our understanding that they merchandised with you what they called their "Orchid" mattress and boxspring line.

Our merchandising ideas differ from theirs, as also does our merchandise. You will find our merchandise unexcelled in quality, and our reputation for integrity, service, advertising and merchandising ideas second to none in the middle west.

We do not sell the "Orchid" line but we would like to offer you the opportunity to buy our regular line-up of fine Sealy merchandise. Enclosed is a complete price list and catalog covering our bedding line.

After you digest same, it may be your desire to show our upholstered goods, prices of which are enclosed. If such is the case, please write for our 1950 Swatch Book, which will be sent you at a cost of \$7.50.

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On mattresses and boxsprings in less than truckload lots, our prices are f.o.b. Chicago. In straight trailerloads (approximately 93 pieces) our merchandise comes to you f.o.b. delivered your store.

Trusting that we may be of service to you, we are

Yours very truly, Sealy Mattress Company, C. B.  
McGillivray, Sales Manager.

CBM :mk

[fol. 607E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 264

November 8, 1950

Buchanan-Jones  
Columbus  
Indiana

Gentlemen:

On October 30 our Chicago factory wrote to you, through error, that they were servicing the territory, in which you are located, with Sealy merchandise. This letter is being written to you from the National Sales Office in Chicago to correct this error and to advise you that Sealy bedding products are sold and serviced in Southern Indiana by the Logan Company, 1115 Franklin Street, Louisville, Kentucky.

The Charles A. Maish Company of Cincinnati, Ohio has closed their plant because of labor and management difficulty. We believe that you will find the Logan Company an excellent source for your bedding needs. They have been in the bedding manufacturing business for over fifty years and have a very good reputation for integrity and fair dealing with their customers.

Sealy engineers have set up the Logan plant to manufacture the fine line of Sealy bedding products. Each Sealy product is manufactured to very rigid specifications and are made of raw materials available through the National Sealy organization. Sealy products manufactured by each of the Sealy associates are examined periodically by such firms as the U. S. Testing Laboratories to insure that the products live up to the fine reputation of the Sealy name.

Mr. Harry Forbes is the sales manager of the Logan [fol. 608E] plant, and we feel sure that you will find him and his associates pleasant people to do business with and a profitable connection for you.

Yours very truly, Sealy, Incorporated, J. R. Lawrence,  
Executive Vice-President.

JRL/ba

cc Mr. Harry Forbes.

[fol. 609E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 265

Louisville territory

October 30, 1950.

Buchanan-Jones

Columbus

Indiana

Gentlemen:

Please be advised that the Chicago factory of Sealy has been assigned nine additional counties in Indiana, including the one in which your store is located. This territory was formerly serviced by the Charles A. Maish Company of Cincinnati, Ohio, and it is our understanding that they merchandised with you what they called their "Orchid" mattress and boxspring line.

Our merchandising ideas differ from theirs, as also does our merchandise. You will find our merchandise unexcelled in quality, and our reputation for integrity, service, advertising and merchandising ideas second to none in the middle west.

We do not sell the "Orchid" line but we would like to offer you the opportunity to buy our regular line-up of fine Sealy merchandise. Enclosed is a complete price list and catalog covering our bedding line.

After you digest same, it may be your desire to show our upholstered goods, prices of which are enclosed. If such is the case, please write for our 1950 Swatch Book, which will be sent you at a cost of \$7.50.

Also enclosed is a typical mailing piece which illustrates some of our merchandising thinking and covers five newspaper ads which we ran last spring, at absolutely no cost to our dealers.

On mattresses and boxsprings in less than truckload lots, our prices are F.O.B. Chicago. In straight trailerloads (approximately 93 pieces) our merchandise comes to you F.O.B. delivered your store.

Trusting that we may be of service to you, we are

Yours very truly, Sealy Mattress Company, C. B.  
McGillivray, Sales Manager.

CBM :mk

[fol. 610E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 266

SEALEY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Richmond 20, Virginia

Telephone 6-4371

8 South Harvie Street

January 16, 1951.

Mr. J. R. Lawrence  
c/o Sealy, Incorporated  
666 Lake Shore Drive  
Chicago, Illinois

Dear Roger:

I have our communication of January 10th in which you notify me that the Maryland Bedding Company, Baltimore, Maryland has taken on the Sealy franchise as of January 1, 1951. Frankly I am pleased that you have a licensee in Washington and Baltimore and I hope that they will do a good advertising business in this area. If so, they will eventually be helpful to the Richmond factory.

There is only one request I would like to make of Sealy in reference to the above and that is the question of the Manassas Furniture Company, Manassas, Virginia. This is a very good account of ours and if you will look at the map, I believe that you will agree with me that it should logically be in the Richmond area. It is only about 75 miles from Richmond and very close to Fredericksburg which we serve regularly. I would like to have a reply from you in reference to Manassas.

With kindest regards, we remain

Sincerely, Sidney Sutherland, Sealy Mattress Company.

SS:mp

[fol. 611E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 267

February 7, 1951.

Sealy Mattress Company  
8 South Harvie Street  
Richmond 20, Virginia

Attention: Mr. Sidney Sutherland

Dear Sidney,

As far as this office is concerned you can continue to serve the Manassas Furniture Company of Manassas, Virginia. I have a letter from the Maryland Bedding Company acknowledging your service of the account.

Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL/ba



[fol. 612E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 268

April 22, 1952.

Mr. Joseph Rudick  
Sealy Mattress Company  
617 W. Pratt Street  
Baltimore 1, Maryland

Dear Joe:

I was looking over the map on Virginia outlined in the Richmond territory and Baltimore territory. After looking at the map and the contract this thought hit me and I am taking the opportunity of writing you to see what you think of the situation and see if you feel that it is an equitable swap. I know that the Baltimore area has all of the Maryland territory and Delaware territory on the Eastern Shore and I presume that you are working regularly and getting a fair amount of business out of Kenbridge, Salisbury, Dover, Princess Anne, Snow Hill, Pocomoke, etc. If you are working this area, which I have outlined it seems that it would be a good idea for you to work the two Virginia Counties that fill out the rest of the Eastern Shore, namely; the Counties of Northampton and Accomack.

Frankly, we have not worked these two Eastern Shore Virginia counties regularly and it is very hard for our man to get to this territory from Richmond. Whereas your man working Maryland and Delaware Eastern Shore could very readily continue on down into the two Virginia counties.

In reference to a swap for this territory I thought that you would possibly relinquish to Richmond, Prince William and Fauquier county in Virginia [Fauquier Rappahanack]. In reference to Prince William County the main town in Prince William is Manassas which was granted to Richmond before you signed your Baltimore contract due to the fact that we had worked up a good account with the Manassas Furniture Company. Then the county of Fauquier in which the only town worth while mentioning is Warrenton which is somewhat nearer to Richmond than Manassas. If

you will check the published population of the two counties in Virginia which I am swapping with you of Prince William and Fauquier you will find that the population is about equal. If you are willing to consent to this please drop me a [fol. 613E] line and I know that I can write to Earl Bergmann and get Sealy to agree to the swap between you and ourselves. Please give this matter your consideration as I believe it would be a good move on the part of both of us especially if you are working the Eastern Shore territory. And, if you are not working it at present I know as you develope and spread out in your area you will definitely work Eastern Shore. Eastern Shore is good territory, lot of money at certain times of year and good business.

Thank you for any consideration that you may give this proposition and when you make up your mind whether or not you are interested I will be pleased to hear from you. In the meantime I hope that business is going along good with you and that it will continue so.

Sin-"Sealy" yours, Sidney Sutherland, Sealy Mattress Company.

SS:mp

[fol. 614E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 269

April 23, 1952.

Mr. Joseph Rudick  
Sealy Mattress Company  
617 W. Pratt Street  
Baltimore 1, Maryland

Dear Joe:

Further reference to our telephone conversation this morning in which you stated that you were calling Roger Lawrence immediately in reference to the Manassas Furniture Company account, I have in my files attached to my contract a letter dated February 7, 1951 signed by Sealy, Incorporated, J. R. Lawrence which reads as follows:

"As for as this office is concerned you can continue to serve the Manassas Furniture Company, Manassas, Virginia. I have a letter from the Maryland Bedding Company acknowledging your service of the account."

Of course, as I stated to you on the telephone I did not request the whole town of Manassas, Virginia but simply stated that we wanted the Manassas Furniture Company due to the fact that we were not selling any other account in Manassas and I do not believe that it would be quite fair for you to sell the other account in Manassas.

I again call your attention to my former letter in which we offered to swap the two Eastern Shore Counties in Virginia for the Counties of Fauquier and Prince William.

With kindest regards and best wishes, we remain

Sin-"Sealy" yours, Sidney Sutherland Sealy Mattress Company

SS:mp

[fol. 615E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 270

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Baltimore 1, Maryland  
Phone Mulberry 5-2897  
617-619 West Pratt Street

May 5, 1952.

Mr. Roger Lawrence  
Sealy, Inc.  
666 Lake Shore Drive  
Chicago 11, Ill.

Dear Roger:

We are waiting patiently to get a copy of letter that you were supposed to send Sidney Sutherland in Richmond, Virginia straightening out our Virginia and West Virginia territory especially this Manass, Virginia business.

I'm sure you understand what we are up against here and I'm sure Sidney will too if presented correctly.

Please get this off to us immediately so that we can be sure that we will have no more trouble along these lines.

Thank you for your cooperation.

Sin"Sealy" yours, Sealy Mattress Co. Joseph Rudick.

JP:eo

Please send detail on how Golden Sleep will be presented. Also can this be preticketed, and what retail price is to be set. I am anxious for information.

[fol. 616E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 271

May 7, 1952.

Sealy Mattress Company  
617 West Pratt Street  
Baltimore 1, Maryland

Attention: Mr. Joseph Rudick

Dear Joe:

Before getting into the real meat of this letter I want to answer you on a couple of inquiries you made to this office. One is regarding the pre-ticketing of the Golden Sleep Promotion. If you will note our specifications dated April 30th, there is no pre-ticketing allowed. The advertised price of the mattress will be \$39.50 and will carry a comparative line such as "Save exactly \$20.00".

Another thing is that I will send you a copy of the N.A.B.M. release on CPR order number 7 as soon as I get additional copies from them.

In regard to the controversy you have had with the Richmond plant over the representation in some of the northern counties of Virginia, I will say that I have dug into the matter further and find that it is not as simple as I first thought when I talked to you over the 'phone. In the first place, it seems that all of the controversy narrows down to one account in Manassas, Virginia; namely, the Manassas Furniture Company.

It is true that Manassas, Virginia is in Prince William County listed in your contract. However, you wrote me in late January or early February stating that as far as you were concerned the Richmond plant could continue to serve that particular account. I can realize that at the time your letter was written, circumstances were somewhat different, and probably you had in mind that it would be all right for Richmond to service that area until such time as you had active representation down that way. You must realize,



though, that it is difficult for Richmond to withdraw from that account when he is working quite a distance ahead on promotions with them. I know definitely that he had a May promotion already scheduled and sold before you raised the question.

[fol. 617E] I have a copy of a letter that Sidney Sutherland wrote to you on April 22nd in which he suggested a swap in the territory of Richmond and Baltimore as it is presently conceived. He would like to have you take over the counties of Northhampton and Accomack. In relinquishing these counties, he would like to have in return, Prince William and Fauquier county in Virginia. Actually, the potentiality of the two counties are almost identical, as well as the population being about equal. I can't sit here in Chicago and know whether it is better for you to serve that area than Richmond or vice versa, but I will say that the suggestion from Sidney Sutherland does sound logical and if it has merit, I would like to have your cooperation in working out a swap that might be best for all parties concerned.

I am in the process of preparing a new contract for the Richmond territory, and I would like to have your immediate advice on this matter so that if any changes are necessary in outlining the territory in the Richmond contract, I will be able to do it before sending this contract to Mr. Sutherland.

Awaiting your early reply,

Yours sincerely, Sealy, Incorporated, J. R. Lawrence.

JRL:ht

cc: Sidney Sutherland.

[fol. 618E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 272

Dict. 5/9/52.  
May 12, 1952.

Sealy Mattress Company  
617 West Pratt Street  
Baltimore 1, Maryland  
Attention: Mr. J. Rudick

Dear Joe:

I have been noticing the letters passing between you and Mr. Sutherland and between you two gentlemen and Roger Lawrence concerning a couple of little counties that actually do not amount to anything.

I am inclined to agree with Roger that I think it might not be a bad idea for you to agree to the swap that Sidney has offered to you. The buying potential of the four counties in question is almost the same and I can readily see where the Richmond plant can hardly get merchandise into Northampton and Accomack whereas you could.

Since Sutherland has been working this territory which is under question for some time, namely, one little account in Manassas, Virginia, a swap might be a nice way to keep peace and harmony within the family.

Actually, Joe, if you chew all the business that there is to be had in Baltimore and Washington, you'll have more than you can say grace over.

Yours very truly, Sealy, Incorporated, E. H. Bergmann.

EHB:ht

cc: Sidney Sutherland.

[fol. 619E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 273

Dict. 5/26/52.

May 28, 1952.

Sealy Mattress Company  
617 West Pratt Street  
Baltimore 1, Maryland

Attention: Mr. J. Rudick

Dear Joe:

I have not answered your letter of the 17th and the other discussions that we had for the reason that I wanted to first receive a letter from Mr. Sutherland. I called him immediately that day and he said that he would get in touch with Mr. Gray of the Manassas Furniture Company and ask him to cease the advertising immediately as you related it to me.

He sent me a copy of the letter that he wrote to Mr. Gray on this subject, but he said that he would like to hold the matter of the final decision of the account until he had an opportunity to discuss this with me in person in Chicago.

I have written to him that I would be very happy to discuss it with him alone or with you, but that I felt there was only one solution to the problem, and that was, that two licensees could not work one county and, therefore, the licensee who had the county in his contract would have to be the one to perform the necessary servicing of the accounts.

Undoubtedly you may want to discuss this matter further with me also next month, and if you do, I would be very happy to discuss it with you.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB:ht

[fol. 620E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 274

Dict. 6/17/52.  
June 19, 1952.

Sealy Mattress Company  
617 West Pratt Street  
Baltimore, Maryland

Attention: Mr. Joseph Rudick

Dear Joe;

This is a very short letter to confirm to you the fact that Mr. Sidney Sutherland has agreed to discontinue the sale of any merchandise or the performing of any service for the Manassas Furniture Company.

I am sure that this will be good news to you and I hope it closes the matter to the complete satisfaction of both of the Sealy plants concerned.

Yours very truly, Sealy, Incorporated, E. H. Bergmann.

EHB:ht

cc: Mr. Sidney Sutherland.

[fol. 621E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 275

SEALY COMPANY OF THE SOUTHEAST

1047 Florida Street—Memphis 2, Tennessee  
Telephone 35-1631

Sleeping on a Sealy is like Sleeping on a Cloud

February 20, 1951.

Sealy, Incorporated  
666 Lake Shore Drive  
Chicago 11, Illinois

Attn: Mr. J. R. Lawrence

Dear Roger,

This is just a reminder to let us know as quickly as possible just what our boundary lines are on the Illinois territory. You will recall I discussed this with you when you were here.

Best regards,

Yours sincerely, Sealy Company of the S. E., Linda  
Ballard.

LB/s



[fol. 622E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 276

February 23, 1951.

Sealy Mattress Company  
1047 Florida Street  
Memphis 2, Tennessee

Attention: Miss Linda Ballard

Dear Linda,

Within the next week or ten days we will send to each plant a complete list of their territory showing the counties in each state that is in their contract as well as the potential buying power of each county. The figures used in the listing are taken from the Sales Management Survey published April, 1950.

Meanwhile, in answer to your question regarding your boundary in the State of Illinois my records show that you have up to and including the following row of counties: Hancock, Schuyler, Mason, Logan, Christian, Shelby, Montrie, Coles, and Edgar.

Please let me know where or not this checks with your records.

Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL/ba

[fol. 623E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 277

SEALY COMPANY OF THE SOUTHEAST

1047 Florida Street—Memphis 2, Tennessee  
Telephone 35-1631

Sleeping on a Sealy is like Sleeping on a Cloud

March 1, 1951.

Sealy, Incorporated  
666 Lake Shore Drive  
Chicago 11, Illinois

Attn: Mr. J. R. Lawrence

Dear Roger,

Thanks very much for your letter of February 23 listing the counties in Illinois which form our Northern boundary.

I have checked our maps, and the counties you list are the ones we have marked on the maps—although I don't know just where the information was obtained as they do not agree with those counties listed in the old contract we have here. However, far be it from me to worry about a situation when everybody is happy, and apparently in this case no one is poaching on the other man's territory.

Thanks again for sending the list to me.

Best regards,

Yours sincerely, Sealy Company of the S. E., Linda  
Ballard.

LB/s

P. S. Wally Haase was in the office the day after you were here and was asking about you. I told him you and he just missed each other by a small margin.

L.B.

[fol. 624E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 278

SEALY COMPANY OF THE SOUTHEAST

1047 Florida Street—Memphis 2, Tennessee  
Telephone 35-1631

Sleeping on a Sealy is like Sleeping on a Cloud

February 22, 1951.

Sealy, Inc.  
666 Lake Shore Drive  
Chicago, Illinois

Attn: Mr. Roger Lawrence

Dear Roger:

When I was in Chicago, I told you I would officially advise you that we had surrendered Evansville, Indiana to the Louisville plant. This is your official information although I presume that Louisville has been working Evansville ever since we gave them the information at market.

I would certainly suggest that you check up on this particular situation.

Yours sincerely, Sealy Company of the S.E., Louis G.  
Haas.

LGH/kr

[fol. 625E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 279

Sealy Mattress Company  
Front & Chestnut Streets  
Reading, Pennsylvania

Dict. 3/24/51.  
March 27, 1951.

Attention: Mr. T. C. Engelhardt

Dear Ted,

It was a pleasure to speak to you by telephone on March 20, and I was surprised to learn that your special stockholders meeting was not to be held until March 21 because for some reason I had it in my mind that it was on the fourteenth, the same day we were in Kansas City. Be that as it may, I hope that the meeting came off as scheduled on the twenty-first and that no contentions arose and that the proposal went through according to plan and that you and your son now are the sole owners and directors of the former Fred G. Hodges Bedding Company.

As I discussed with you on the telephone we have a licensee interested in taking on the Philadelphia territory and in order to round out a territory for him that will fit into his present operations it is going to be necessary for us to give him the county in New Jersey which embraces the City of Trenton from the present Passaic contract.

In order that we may tie into this county correctly and give him a straight run to Trenton I want to include in his territory two counties which have been serviced by the Reading plant during the past. These two counties are Montgomery and Buck.

I am pleased to have you tell me that you felt that it would be possible for this change in the territory to be worked out with Philadelphia and I would appreciate having you write me and advise me that you have no objection to the placing of these two counties in the new proposed Philadelphia licenseeship. I may be in and around Reading sometime within the next two weeks, and if I should find myself in that vicinity on other business I will make it a point to call on you.

[fol. 626E] Please direct your reply to this letter to my

new office, Sealy Incorporated, 633 Third Street N. W.,  
Massillon, Ohio.

Personal regards, Sealy, Incorporated, E. H. Berg-  
mann.

EHB/ba

[fol. 627E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 280

Sealy Mattress Company  
Front & Chestnut Streets  
Reading, Pennsylvania

Dict. 4/12/51.  
April 13, 1951.

Attention: Mr. T. C. Engelhardt

Dear Ted,

I want to acknowledge receipt of your letter of April 5 and thank you for your good wishes to me on my assuming a full time responsibility with Sealy and Posture. I again want to thank you for your offer of full cooperation with me in our future endeavors.

In referring to your letter of April 5 I note what you say in the third paragraph about the Montgomery and Bucks counties in the Philadelphia territory with the exception of a few cities. You state in the schedule of counties attached to the letter that these cities show by the dotted lines drawn through said counties. I do not have that map and therefore I cannot tell exactly where these towns are, but what I want to do is to give the entire Montgomery and Buck counties to Philadelphia so as to round out their territory and I wish you would govern yourself accordingly. I am quite sure that these few little towns will not make too much difference to you and it is going to make a tremendous difference to me and to Philadelphia to get them started with a full compliment of territory.

[fol. 628E] Personal regards, Sealy, Incorporated, E. H.  
Bergmann.

EHB/ba



[fol. 629E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 281

Dict. 5/21/51.

May 23, 1951.

Sealy Mattress Company  
Front & Chestnut Streets  
Reading, Pennsylvania

Attention: Mr. T. C. Engelhardt

Dear Ted,

I want to acknowledge receipt of your letter of May 15 and to tell you that I realize that on your list of counties which you received under date of March 1 that there were a number of counties which had not previously been assigned to the Reading territory.

You, undoubtedly, note in the contract that you have received that we have included these counties as part of your territory and we are happy to give them to you and it is my thought that they will more than justify the exclusion of the few cities that you have covered in Montgomery and Bucks counties.

Under separate cover you will receive a bulletin issued here from Massillon, Ohio to the licensees on the Eastern Seaborad telling them that I am going to have a special meeting with the Eastern group in the Commodore Hotel on May 31. I hope that you will find it convenient to be there, and I am quite sure that you will be able to return home the same evening. If you can come up I am quite sure that we will have sufficient time to clean up any matters concerning the contract before you return home that evening.

Personal regards, Sealy, Incorporated, E. H. Bergmann.

EHB/ba

[fol. 630E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 282

Diet. 6/5/51.  
June 6, 1951.

Pending

Mr. J. R. Lawrence  
Chicago, Illinois

Dear Roger,

Ted Engelhardt and I discussed at considerable length the matter of a revised contract for the Reading territory other than that which we originally sent to him.

Mr. Engelhardt feels that he is actively interested in only the following counties: Adams, Berks, Cumberland, Dauphin, Lancaster, Lebanon, Lehigh, Luzerne, Northampton, Schuylkill, and York.

I have computed the potential buying power of these counties and I find it to run approximately 1.38%. On this basis applied against the total sales of the Sealy plants for 1950 we find that a 3% royalty would indicate a total royalty from that territory of approximately \$7,200 yearly. Inasmuch as the Board is insisting upon a 50% minimum it would mean that this territory would eventually produce approximately a minimum royalty of \$300 a month on the basis of 50% of the potential total.

Mr. Engelhardt and I have discussed this new minimum figure and we have agreed on the following handling. For the first year Mr. Engelhardt is to pay 3% on his Sealy sales and nothing on his private sales with a minimum of \$150 per month. For the next six months it would be 3% on Sealy and 1% on private with \$175 minimum. The next six months will remain 3% on Sealy and 1% on private with a \$200 minimum. The next six months will be 3% on Sealy, 2% on private with \$225 minimum and for the next six months the minimum per centage remains the same but the minimum dollars go to \$250 per month. Thereafter, the per

centage of royalty will be 3% on both Sealy and private brand goods and the minimum per month will be \$300.

Will you please issue to the attention of Mr. Engelhardt a new contract on this basis and Mr. Engelhardt promises to return it to us in sufficient time for the meeting of the Board on Friday of next week.

Regards, Sealy, Incorporated, E. H. Bergmann.

EHB/ba

cc: Mr. T. C. Engelhardt Reading, Pennsylvania.